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NATION'S

MAY 1 1939

BUSINESS



Recovery—page 11

MAY
1939

Lost: Two Treasury Watch Dogs • The Birds Teach a Relief Lesson •
Why the Slums Aren't Cleared • We Found a Way to Get Our Money

Suppose you had to do business

by

Pony Express!

When the pony express rider roared out of St. Joe, written messages traveled cross-country only as fast as he could *ride*. Today, by Teletypewriter Service, they're delivered as fast as they're typed.

Are there any traces of pony express days in your communication methods? Or are they keyed to the rapid tempo of today—and tomorrow?

A review of your communication set-up will tell. It may show that Bell System Teletypewriter Service or Long Distance Telephone Service will cut down clerical effort, minimize error, save communication costs, and speed-up customer service.

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Shake Hands with Our Contributors

THE Bureau of the Budget was set up in 1921 in order that Congress and government executives could get an unbiased picture of national finances. The General Accounting Office was established under the same Act to guard against wasteful use of the taxpayers' money. NATION'S BUSINESS asked **Herbert Corey** to look into the activities of these two agencies and report what he saw. He reveals some curious examples of budgeting and auditing and an apparently wide departure from the original intent to make these agencies serve as guardians of the public purse.

The man who thinks we would all act like bluejays and cardinals if we were all on public relief is **E. J. Kulas**, president of the Otis Steel Company and Midland Steel Products of Cleveland and Detroit.

L. E. Miles believes that business men will benefit by helping their schools establish vocational training systems to make students more capable of fitting into their environment when they graduate. He is connected with the San Bernardino, Calif., school which he uses as a model in this article.

Willard K. Smith, active in the building trades field for many years, maintains that density of population in slum areas is not unreasonable. His studies indicate that density in first class apartment areas is higher than in slum neighborhoods. Vertical housing rather than horizontal, and modernization of the existing structures is his recommendation for proper slum clearance. Mr. Smith is editor of *News & Opinion*, published by the Building Trades Employers Association of New York City.

Bernard C. Arnold is managing editor of a weekly newspaper in Osage City, Kan. For 14 years he has been working with small town merchants to help them improve merchandising methods and keep up with large city competition. In advising of the part that modernization has taken in his home town, Mr. Arnold writes that 19 store fronts have been done over in Osage City in the last five years.

Howard J. Carswell is a New York financial writer who believes that newspaper editors and business men can get together for the benefit of both by broadening and popularizing business news. He thinks business men are passing up opportunities to tell their story and that editors are lacking in the initiative to dig for stories of industry that would be appreciated by their readers.

Walter O. Voegeli is an associate editor of the Ahrens Publishing Company, who has done extensive research in the field of restaurant and hotel management.

Robert Luce of Waltham is serving his tenth term as Congressman from Massachusetts. He is president of Luce's Press Clipping Bureau.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.

VOLUME 27

Merle Thorpe, Editor & Publisher

NUMBER 5

Managing Editor, RAYMOND C. WILLOUGHBY; Business Manager, LAWRENCE F. HURLEY; Director of Advertising, ORSON ANGELL.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101 Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

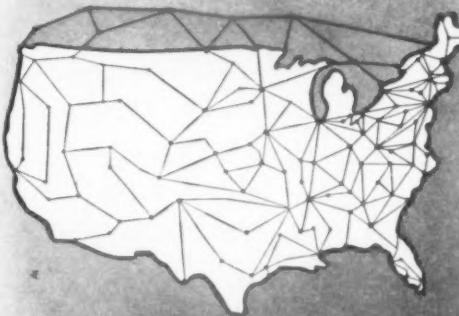


"SAVE THE DAYTIME FOR BUSINESS...

Travel While You Sleep!

**Convenient Overnight
Service to and From
Hundreds of Points**

Typical overnight Pullman sleeping car service means you can get into your berth early, even though your train leaves late—and you can sleep to a reasonable rising hour, even though your train arrives early. Even though the trip takes only 5 or 6 hours—you can get a full night's sleep in your Pullman, without the loss of a single business hour!



**More Comfort
At Little Extra Cost**

Taking an entire Pullman section on an average 300-mile trip costs but little more than the price of a lower. But it pays big dividends in added comfort and in the way men feel the next day—in the rested, energetic way they go about their business. Illustrated here is Pullman's single occupancy section, with the new convertible dressing space, affording additional comfort and convenience, at no increase in price!



Copyright 1939, The Pullman Company

MORE and more companies are making Pullman a "must" for their salesmen—especially on overnight trips.

Good business sense is the reason. There just isn't any point in wasting working hours in travel, when it can be avoided. Overnight Pullman service enables salesmen to cover the same distance *while they sleep...* without losing a single business hour!

Equally important is the salesman's energy, his fitness for the job. Obviously, a long daytime trip will rob him of that "razor-edge" feeling.

But, by using Pullman's overnight service, he can gain precious hours of sleep *before* the train departs! And continue his sleep *after* early morning arrival! He'll greet the next day, relaxed and refreshed!

Do you know the extent of this Pullman overnight sleeping car service? We'll be glad to send you, for your executives and salesmen, a booklet emphasizing the use of overnight service, so that they may be thoroughly acquainted with the comforts, savings of business time and the conveniences afforded through rail and Pullman travel.

For your copy of "How to Get Nine Hours Sleep on a Six Hour Trip," write to Dept. NB-2, THE PULLMAN COMPANY, CHICAGO, ILLINOIS.

Go RAIL AND Pullman

THE COMFORTABLE AND SURE WAY TO GET THERE
***** WITH ALL THE SPEED THAT'S SAFE!



Switching freight cars on Chesapeake and Ohio Lines is done "the hard way"—that is, by careful inching up and coupling with the least possible jolt. This is one of the many standard practices which protect shipments in transit.

Chesapeake and Ohio representatives, located in all principal cities, stand ready to provide you with shipping service noted for safe delivery on schedule time.

**CHESAPEAKE
and Ohio LINES**
CONTROLLED PERFORMANCE

Through the EDITOR'S SPECS

None so blind

IT'S A PITY that Government officials don't read their own studies and profit by their own conclusions.

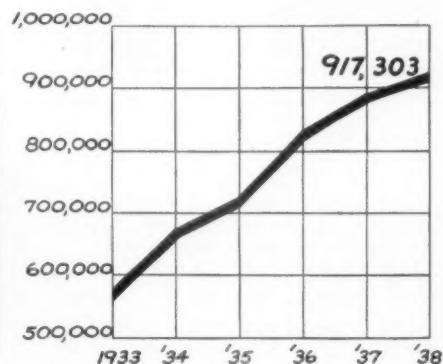
For example: the report on price fixing, published as a Department of Agriculture document in 1922, traced this ancient fallacy through its record of invariable failures in China, Egypt, Greece, Rome, France, Great Britain, Belgium, India and Colonial America. The conclusion reached was that, wherever there was an attempt in this way to ease the burdens of the people, it had only resulted in exchanging one set of ills for another.

In no single instance of the several hundred government attempts to fix prices in recorded history was there success. One common result was the withholding of goods from the market by producers when maximum prices were fixed. When minimum prices were set, in the interest of producers and dealers, as is being attempted now, consumers withheld their patronage in the market and looked for substitutes. In either case, the study points out, the scheme is artificial; it sets a producing class against a consuming class and it fails of its purpose because the two, in the very nature of the conflict of interests thus created, will not cooperate.

What a different course the United States would have taken if the Department of Agriculture had read and believed one of its own "researches."

There's one in every nine

LATE FIGURES from the Bureau of the Census reveal the startling fact that one of every nine employed per-



sons in the country is on a government pay roll, and that their earnings are one-eighth of all wages and salaries.

The chart shows that the total number of civilian employees of the federal Government alone is now 60 per cent higher than in 1933. These figures do not include persons working on relief or enrolled in the C.C.C. and N.Y.A. While public employment has been rising, private employment decreased (9.1 per cent between 1929 and 1937).

Careless America!

TO DECIDE an argument as to whether or not customers are price-conscious, two enterprising oil jobbers in Ottumwa, Iowa, stationed interrogators at traffic stop signs outside three service stations and asked motorists who had just bought gasoline if they could remember the price paid. Seven out of every ten motorists couldn't even tell how much money they had given the attendant.

It would be a mistake, we think, to reason from this test that the price of gasoline or any other commodity of common consumption is not important to the consumers. Wherever competition is keen, no marketer can afford to disregard the 30 per cent, more or less, who do pay attention to price. They are the controlling factor in competitive pricing.

Two-to-one favorites

THE WHITE HOUSE states that not more than 1 in 20 of those on relief are "chiselers." Earlier it stated that the "chiselers" among business men didn't number more than ten per cent. Ergo, business men rate at least half as good as W.P.A.'ers.

The reward of diligence

THE STORY of Emil Wasser and Alfie Gordon, told by E. B. Macy, banker of Lynnville, Iowa, in *Banking*, epitomizes this cockeyed era:

Old man Wasser and his wife have made the final payment on their 100-acre Iowa farm which they started to buy in 1910. Value around \$10,000. It represents the sum of a half century of hard work, denial and thrift. Both are now too old

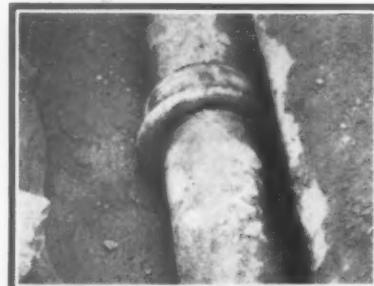


"YES, Jim, while I'm operating this trench-digger I get a lot of information about pipe. This is a cast iron job, like most of them, and the engineers all say cast iron pipe is Public Tax Saver No. 1. By that, they mean we're putting down this cast iron water main to stay down for a century. That saves money for taxpayers, and, boy, I pay taxes myself!"

* * *

Water mains represent about one-third of this country's 5-billion-dollar investment in public water supply systems. More than 98% of these mains are cast iron pipe with a known useful life at least double the estimated life of other water

main materials. Because the tax-saving, through deferred replacements alone, is enormous, cast iron pipe is known as Public Tax Saver No. 1. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, which rust does not destroy. Made in diameters from 1½ to 84 inches.



Unretouched photo of a cast iron water main installed 108 years ago and still serving the citizens of Lynchburg, Va.

CAST IRON PIPE PUBLIC TAX SAVER NO. 1

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

to work. They have no debts and at the most \$300 in cash. If the farm and all their property were liquidated on a quick sale and the proceeds safely invested it would yield an income of probably \$30 a month.

Alfie Gordon is known as the most shiftless, impoverished old cuss in the nearby town. He never saved and never worked steadily anywhere. But he and his wife together now draw \$48 a month old age pensions.

"From each according to his ability, to each according to his needs."

Views on spending

TO THE Socialist, taxation is the chief means by which he may recover from the propertied classes some portion of the plunder which their economic strength and social position have enabled them to extract from the workers. To the Socialist, the best government is that which spends the most.—Fabian Society (Tract 127).

Frugality ought to be an obsolete word in our vocabulary.—Dr. Francis E. Townsend.

Today we have on the federal Government pay roll approximately 20,000,000 people.—Rep. May of Kentucky.

The present cost of the federal Government is greater than the total income of all states west of the Mississippi.—Senator Burke of Nebraska.

There are only two classes of men in the United States—those who work for their livings and those who vote for them.—H. L. Mencken.

The W.P.A. was never intended to be economical and efficient by ordinary standards.—Rep. Sacks of Pennsylvania, in his argument for a larger W.P.A. appropriation.

The lengthening shadow of Government

A DENVER man was sentenced to a year in jail for collecting \$5 a day for a W.P.A. job and hiring another at \$1.50 a day to do the work.

A New Yorker has been indicted for selling W.P.A. jobs at as high as \$100 each.

District of Columbia officials see no authority to prosecute relief clients who sell food given them for personal consumption by the Federal Surplus Commodities Corporation.

"Potomac" is an Indian name meaning "The place where the tribute is brought," a reader reminds us.

The Brush Manufacturers Association claims that a government brush factory at Leavenworth Penitentiary has pre-empted nearly ten per cent of the national market for brushes.

In Illinois a citizen was arrested be-

cause he cut the hair of his three boys, and occasionally of a neighbor boy, without a license.

Consumption of paper for printed matter has reached such a high point in Washington that the Department of Commerce printed its *Weekly Business Survey* on the reverse side of pre-used stationery.

Greenbelt, Md. (Tugwelltown) continues its cooperative stores despite a loss of \$11,697 during the first 15 months of operation. Yes, you taxpayers are the suckers.

The P.W.A. will be made permanent, predicts Secretary Ickes in a radio address. (Ditto, all the "emergency" agencies from AAA to XYZ.—The Ed.)

A Maine village of 200 people is reported to have received five carloads of F.S.C.C. flour within 60 days.

C.C.C. men are engaged in counting the deer in the 750,000-acre Allegheny National Forest.

The cost of a strike

SUPERVISION, the new magazine for foremen, has analyzed losses from strikes in industry and finds that the total, including manufacturing overhead, idle material, value of orders tied up, and cost to the outside distribution system, is 20 times the loss in wages. It amounts on the average to \$82.62 a day for each employee involved in an industrial "derailment."

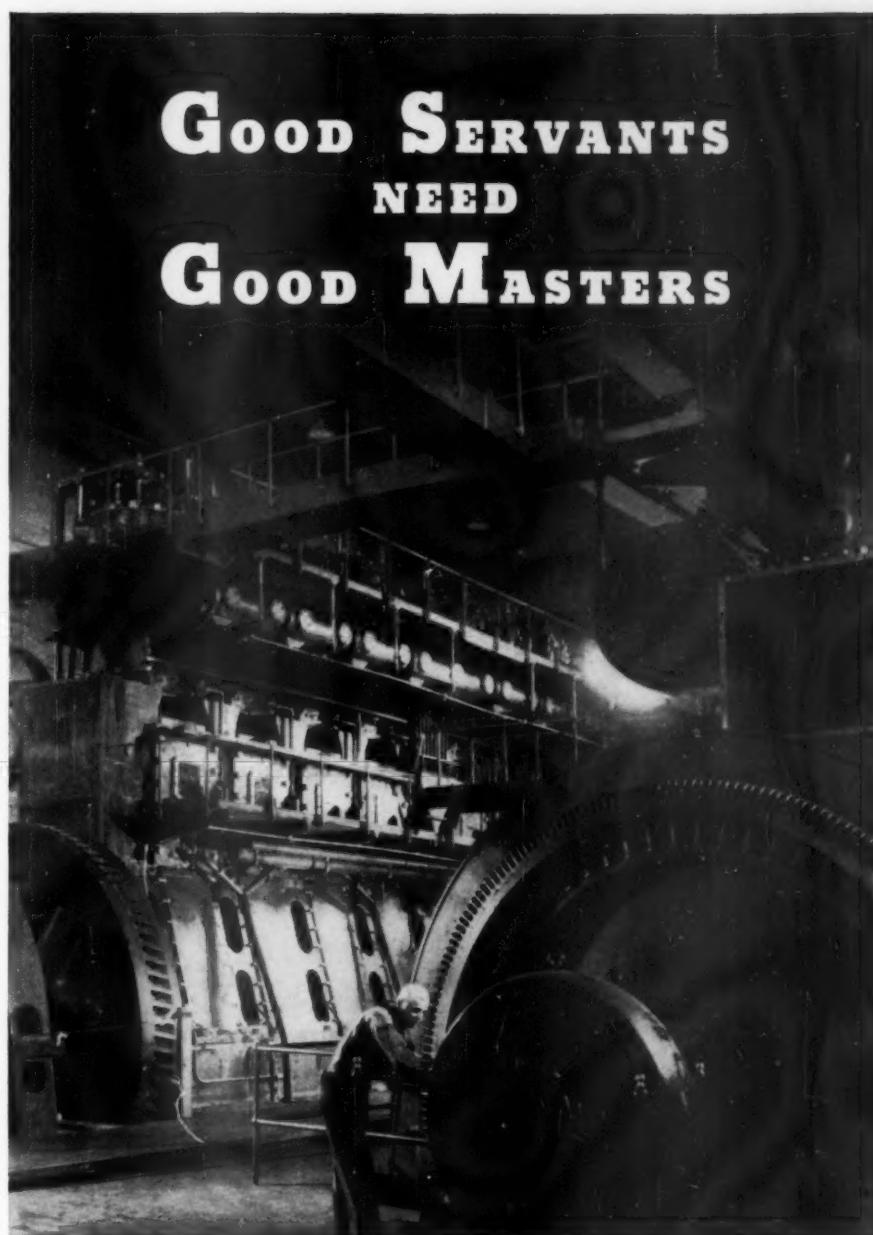
The Apex Hosiery Mill in Philadelphia sued the American Federation of Hosiery Workers for \$3,500,000 damages as the outcome of a 48-day sit-down strike affecting its 2,500 employees. Triple damages were sought under an interstate commerce clause—that is, for three times the alleged actual damages to the company. The court has just awarded \$712,000 to the company. According to *Supervision's* formula, the union actually caused a loss to the national economic structure of \$9,914,000.

Few labor leaders appreciate the gravity of their responsibility. It is to be hoped that the Philadelphia decision will have a sobering effect on them.

No half-way measures

THERE ARE those in Washington who are saying now that the New Deal economic controls—price fixing, controlled production, farm parity, industrial regimentation and financial wizardry—are failing only because they are half-way measures. To give these policies a fair test, they explain, it is necessary to put in force the full system that goes with them, includ-

GOOD SERVANTS NEED GOOD MASTERS



BOILERS and engines, turbines and generators are industry's "good and faithful servants." But only under good masters, duly heedful of their health and welfare, can they do their best work . . . avoid ruinous mishaps . . . lead long and useful lives.

The best care that industry can provide for these mechanical servants, to supplement that of its own capable operators, is Hartford Steam Boiler's 72 years' specialized experience. This oldest American engineering insur-

ance company strives constantly to keep the pressure up, the wheels turning in the plants it insures. Its field force of 400 is closely geared to an unique home-office staff, whose one business is protecting power.

It is significant that today Hartford is called upon to shop-inspect 90% of the nation's industrial power boilers during their construction.

Your agent or broker can tell you more about the maintenance-dollars Hartford Steam Boiler saves you.

**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY**

HARTFORD,
CONNECTICUT



Stand aside

...here comes a highway!

PRESTO, a mountain topples, a valley fills, a road appears. In weeks the machine legerdemain of modern contracting accomplishes construction miracles that once took months.

Efficient lubricants and fuels are needed to carry on this work. 2229 Texaco supply points assure these quickly everywhere...and every industry benefits from this nationwide "neighborhood" Texaco service.

THE TEXAS COMPANY

—in all
48 States



ing ownership by the state of the means of production, and the entire abolition of operation for profit.

What they are confessing is that control of production and prices gets nowhere unless consumer demand also is controlled. The N.R.A. couldn't succeed without forcing the codes on every little business man. To make the whole purpose of W.P.A. effective would require the power to impress men into labor battalions. To accomplish these and other key objectives would call logically for the complete suppression of all dissenters.

There is no such thing as successful gradual collectivism. That's why America is at such a stalemate. We can go on to the socialistic collective state or go back to a free enterprise state. We cannot remain half free and half collective and make progress, any more than a man can march off in two opposite directions at the same time.

Dubious "protection"

BILLS HAVE been introduced in 26 state legislatures limiting salesmen's work to eight hours a day. The notion is embodied in Secretary Perkins' "model" wage-hour statute, although it conflicts with the federal law.

Try to imagine an energetic brush salesman, his wares spread out on a prospect's living room floor and at the very climax of a demonstration, the clock strikes five!

"Sorry, Mrs. Brown, I can't take your order; it's the law, you know."

Or the pained look on a vacuum sweeper salesman's face when his prospect says: "I like your machine, but I'll have to see what my husband thinks of it. Now, if you can come back after six o'clock when he is at home—"

Why doesn't some humanitarian start a campaign for an eight-hour day for the boss? For farmers? For doctors? For editors? These are about the only four classifications we can think of that are not yet "protected."

A tale of two families

IN THE March issue, Robert Talley related the refreshing experience of an Arkansas tenant farmer and his wife who, by diversification of crops and thrift, lifted themselves from poverty to the ownership of a small farm, with a competence and eventual independence in sight. The editor of the Murphysboro (Ill.) *Independent* read the article and was reminded of a contrasting case.

We heard lately of a Southern Illinois tenant family living on several hundred acres of rich bottom land. The farm has produced in past years as much as \$6,000 to \$7,000 gross income, chiefly from grain. There are seven grown men in this family, of whom the six sons work on W.P.A.

and the father is on relief. They are all looking to the Government to solve their problem. The Arkansas family solved it for themselves.

Every community in the country has its counterpart to the Illinois case. Ill fares the land when men decay and wealth does not accumulate.

Clothes for the man

IF YOU meet a man resplendent in a canary-colored dinner coat, don't smile. He will be in step with the masculine fashion parade as interpreted by the National Association of Merchant Tailors. A new style ban is placed on black and white monotony in men's dress.

For formal evening affairs the streamlined blue tailcoat is the very thing this year. For those males who can carry their dignity there's a special blue director's coat with blue striped trousers. It's used either to put on a bit of "dog" at the office or for teas, matinees and Sunday go-to-meeting wear. The business suit of 1939 is not really complete without an extra waistcoat (vest to you) in a suitable, not-so-chaste pastel color. The merchant tailors are frankly out to challenge woman's long monopoly of clothes taste for the whole family.

Neither sloppy indifference to dress nor slavish adherence to black and white are necessarily he-man characteristics, we are told. George Washington was not afraid to wear conspicuous colors. Ben Franklin was wearing a suit of figured Manchester velvet when he was grilled by King George's Privy Council in 1773. Just for sentiment's sake he kept that suit and wore it again four years later on the day he signed the treaty of alliance with France. On September 3, 1665, Samuel Pepys wrote in his diary:

"Up and put on my colored silk suit, very fine, and my new periwig."

Nothing effeminate about these three!

Recovery

ONLY when factory whistles—like that pictured on our cover—summon men back to work will this country have real recovery. Obviously, then, anything, no matter how well intended, which silences those whistles is bad for all of us. Many things are keeping them silent today, things which leave business frightened, cautious, uncertain. Men hedged in by unwise legislation, burdened by taxes, attacked by demagogues are not in a state of mind willingly to take the risks which are part of business expansion. Only when people and politicians learn that "what helps business helps you" will the whistles summon men back to work and recovery.

The photo is by H. W. Fechner.

You wouldn't share your toothbrush



Why expect
employees to share
a drinking glass?

Why, indeed, when health may be safeguarded at trifling cost? Provide clean, crisp, individual paper cups. Choose the swanky, round AERO or the unique, thrifty AJAX, protected by dust-tight dispensers, easily set up anywhere—in office or factory. A sound investment.

Study this angle on business efficiency in the booklet "New Dividends for Business." Free to executives. To inspect AJAX or AERO service personally—without obligation—check square below.



- Mail us your FREE BOOKLET, and
- Have dealer tell us about the special One Dollar "GET ACQUAINTED" Offer.

LOGAN DRINKING CUP CO. DIV.
68C PRESCOTT STREET, WORCESTER, MASS.
270 Broadway • 221 No. LaSalle Street
New York Chicago

PACIFIC COAST ENVELOPE CO. DIV.
416 Second Street, San Francisco



Goodyear YKL's on the fleet of the Walser Transportation Company, Greensboro, N. C., averaged between 50,000 and 60,000 miles compared with 25,000 miles top from other tires.

A Big Mileage Bonus for truck operators

Typical of Goodyear's never-ending effort to increase the serviceability of rubber is the new YKL truck and bus tire built with heat-proof Rayotwist* cord—the most important advance in tire construction in twenty years. Hard-boiled operators are giving Goodyear YKL's the acid test of their longest, fastest, toughest runs. The bonus of extra miles averages big—it's not uncommon to hear of tire costs cut in half, not to mention the money saved by keeping trucks and buses on schedule.

That is why Goodyear dares make this bold statement: no matter what any other truck or bus tire has done for you, the YKL will do it better! The reason is that the YKL's Rayotwist carcass is far superior to ordinary constructions in strength and in its prolonged resistance to heat—the cause of 82% of all truck tire failures. America's truck and bus operators stand to save millions of dollars a year with this astonishing tire. By such services to its fellow men in many fields does Goodyear justify the greatest name in rubber.



1839 · THE CENTENNIAL OF RUBBER · 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration, and seeks by serviceability to deserve his name.

THE GREATEST NAME IN RUBBER
GOOD **YEAR**

*RAYOTWIST is a registered trade-mark of The Goodyear Tire & Rubber Company.



—But, the Tail Must Go with the Hide!

THE STARRY-EYED Don Quixotes, who have been hell-bent to make America over, are turning reactionary. That is, a little reactionary. They are, like Lot's wife, just taking a quick glance over the shoulder at the flesh-pots. They look back longingly at the 80 billion dollar incomes of 1925-29. They have begun already to talk of the grand things they will do for the country when the country again produces the big money with which to do them.

When that day comes, they say, taxes won't hurt, deficits will disappear, and all will be as happy as a marriage bell. They are ready, after ten long years, to admit that there was at least one aspect of the Terrible Twenties to be commended. A business activity which enabled a nation to earn 80 billions is beginning to appeal to the Political Planners. They fear the awful lightning of a swift November sword when the people realize that their incomes have decreased \$140 *per capita*, and their taxes to pay for such Planning have been hopped up \$38 *per capita*. They can only justify a 17.5 per cent increase in the number of public employees since 1930 and a 9.1 decrease of private employees by expressing a hope that some day, somehow, an 80 billion dollar income will come along again and set everything aright.

But, while glancing back enviously at a nation earning a generous income, they are not yet ready to accept the conditions under which such business activity flourished. They would like to have their cake and eat it, too. They, in their hearts, desire an 80 billion speed but are loath to loosen the brakes, to confess the ways and means necessary to attain such a consummation devoutly to be wished.

What, in naked truth and simple words, were those conditions in 1925-29? Are we yet ready to accept the answer to this question? If so, it will mean public confession that the market place is mightier than the District of Columbia, that there has been no substitute for hard work since the

Lord spoke to Adam, and that there is no easy road to prosperity by political magic.

Here are the conditions under which the United States realized an 80 billion dollar income in 1925-29:

There were not only low federal taxes, but also decreasing federal taxes.

There was not only a federal budget in balance but a substantial surplus each year.

The federal Government spent only five per cent of the national income (80 billions), as against 15 per cent of 60 billions today.

There was the exhilarating effect of a decreasing public debt.

There was a fixed gold standard.

Wages were advancing slowly but surely beyond the post-war peak; a gradually higher per cent of the nation's income going to workers, as compared to investors.

There were few labor disputes, managers and men dealing directly with each other.

Private business had relatively little competition from government.

Finally, management, which dared the risk of bringing men and tools and markets together, was encouraged and even applauded. Thrift was a virtue. Public charity was not considered a badge of merit. Washington was not expected to deal out the hard-earned national credit to every state, city and individual, grown soft.

There is evidence aplenty that the country is becoming "reactionary" enough to accept the conditions precedent to an 80 billion dollar income. Popular polls indicate a desire to return to the common sense policies and practices that gave us, not only an 80 billion dollar income, but, along with it, that sense of the dignity and worth of the individual, to which the historian Morley referred, that made possible the individual's economic and political freedom.

Meredith Thorpe

Can you pick the one that "pays its way?"



HERE are three "ways" of transportation—three routes by which freight may move.

And it may interest you to know that only one "pays its way"—meets all its own costs.

That one is the railroads.

The railroads built their own roadways in the beginning.

They pay out of their own pockets the entire cost of maintaining them.

Beyond that, they pay taxes on them—taxes for support of schools, public health, the courts and other government activities for the general welfare.

Of course, highway carriers pay taxes,

too, but almost all of what they pay is spent on the highways they use. What's more, the total amount they pay is far less than their fair share of the costs of building and maintaining these roads.

You may have been told that inland waterways are provided by nature, free of charge and ready to use. But the fact is, almost without exception, that navigation on these waterways is possible only because of improvements and maintenance, paid for by taxpayers. And these subsidies amount to as much as or more than the *total cost of moving by rail the same freight* which now moves on these inland waterways.

We bring this up for a simple reason!

The American railroads are regulated and restricted on the out-

worn theory that they are a "monopoly"—and at the same time they must compete with these other favored forms of transportation.

The railroads' average revenue for hauling a ton of freight one mile is only about one cent—and nearly one-third of that goes to meet the cost of providing and maintaining their roadways.

The skill, enterprise and efficiency which make possible such a record are unsurpassed by any other form of transportation.

All that railroads need, as far as government transportation policies are concerned, is a square deal with no favors either for themselves or their competitors.

A FAIR FIELD.
NO GOVERNMENT FAVOR...
IN TRANSPORTATION



SEE AMERICA from coast to coast and border to border, on one "GRAND CIRCLE" RAIL TICKET—\$90 in coaches—\$135 in Pullmans (plus \$45 for 1 or 2 passengers in a lower berth). Start from your home town—visit both the New York and the San Francisco World's Fairs—and return. Your own choice of routes; stopovers anywhere! Get the full facts from your ticket agent about the greatest travel bargain in history!

SAN FRANCISCO WORLD'S FAIR

NEW YORK WORLD'S FAIR

ASSOCIATION OF
AMERICAN RAILROADS

WASHINGTON, D. C.

Lost: Two Treasury Watchdogs

By HERBERT COREY

THE Budget Bureau and General Accounting Office were organized to watch over national finances. They are no longer permitted to function as intended

WHEN I began to write this article I worked out a headline: "Lost: Two Treasury Watchdogs." Then I scrapped it. The dogs are not lost. They are in the doghouse. The Bureau of the Budget and the General Accounting Office perform various useful functions. The Bureau could present a complete picture of the national finances and plans. The kind of a statement a would-be borrower takes to a bank.

The G.A.O. could see that the plans



Former Comptroller General McCarl got in the hair of free-spending government officials



WIDE WORLD

Mr. Ickes examines some rum of the Virgin Islands Company which reports a net worth of \$707,734, but the G.A.O. has made no audit

were followed. Neither does what the law provides it should do. The one cannot plan and the other cannot watch.

The dogs are not lost, perhaps. But they are so loose that I am letting the headline stand.

This article sounds at this point as though the Bureau and the G.A.O. were being sniped at. That is not the intention. If the Bureau were given a chance, it could de-

liver the goods. Under Directors Dawes, Lord and Roop it helped make possible economies which reduced the national debt by billions. Director Douglas started in the same groove. If the G.A.O. were given a chance, it could back up the Budget Bureau and keep the Treasury on the rails. Acting Director Daniel W. Bell of the Bureau told the House Committee on Appropriations that:

I feel that this organization is the most

important one in the Government from the standpoint of this committee.

He must have meant that a free, independent, able Bureau would be the most important one, because he was asking for more men and more power. Men of the G.A.O. have said that the Government loses millions of dollars annually because the Office has not been able to function satisfactorily. Said a G.A.O. man who is regarded as an expert:

Hundreds of millions of dollars have been lost to the Government. That money is gone. Even if we could get it back it would cost two or three dollars to salvage one dollar. Other millions of dollars might be saved before they are lost. But we don't get the chance.

Something is wrong. Not with the Budget and Accounting Act of 1921 under which the two organizations function. The Act needs a dynamo, perhaps, and maybe some dynamite. But the fundamental structure is sound. Nothing is wrong with the men in either the G.A.O. or the Budget Bureau. They are, so far as I have been able to discover, the finest type of public servant. They are the kind of men who fight for their jobs. Not to hold their jobs but because they are partisans of their jobs. Try to find a man in the G.A.O. who admires and respects the Budget Bureau. Just try it. Or the reverse. They are natural antagonists. This is as it should be.

Then what is wrong?

The whole government set-up has been changed, so far as the financial factors are concerned. The Treasury was proud of its independence in the past. It was what it purported to be.

Last year 120,000,000 government checks were passed by the G.A.O.

WIDE WORLD



The Treasury worked out the financing problems of the United States and it rarely put up with interference. President Jackson once interfered, it is true, but he had to get rid of two Secretaries of the Treasury before he could hand-pick a man who would take orders. Nowadays the Treasury is just a houseful of bookkeepers. They are good bookkeepers—perhaps the best bookkeepers in the world—but they do not make policies. They take orders.

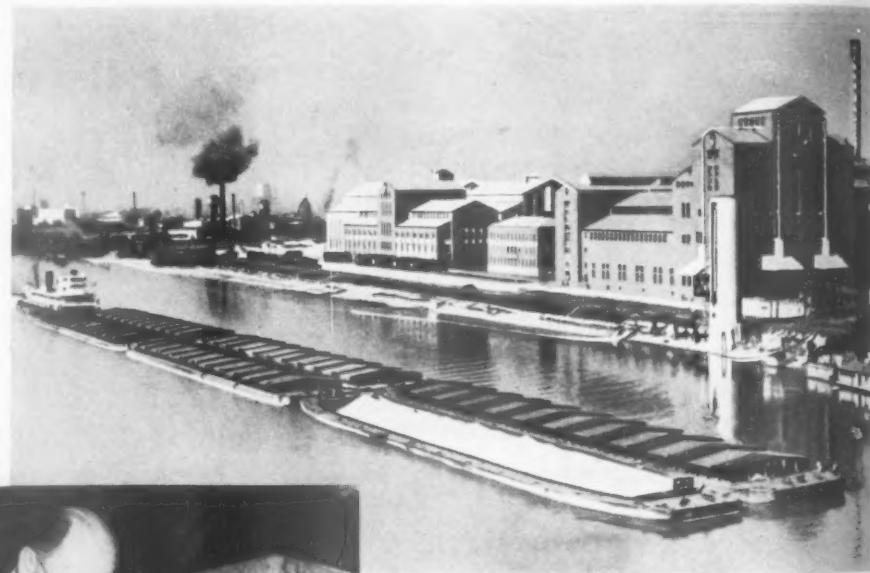
The system has been changed

WHAT President Roosevelt orders them to do they do gladly. This is not a criticism of the Treasury, but only a reaffirmation of the statement that the Government's whole financial set-up has been changed. The Treasury has become merely the siphon through which money is taken in and paid out. There are other activities under its direction, such as the Secret Service and the Narcotics Bureau, but they are not

of present interest. The Treasury makes no policies nowadays. The policies are made for it.

Before the Budget and Accounting Act of 1921 was passed, the various departments and agencies submitted their wants to Congress. They did not consult or coordinate. Congress had to do the best it could to put the puzzle together. Under the 1921 Act, the Government's financial set-up became a triangle. The Treasury was at the peak. At the lower angles were the Budget Bureau and the G.A.O. The Bureau was planned to bring together all the information about all the governmental activities which had previously not been grouped. This was to be reported to the President who became, in effect, the business manager of the Government.

The Bureau had no authority except to get all of this information and present it as a picture. The President might cut out such parts as he did not like, or add such other parts as he might desire. Armed with these facts



Inland Waterways Corp. says it is worth \$25,000,000, but will not permit an audit

he would, under the plan, consult with the Treasury. The Treasury would tell him what the available revenues would be. It was familiar with business conditions, and could tell him whether new taxes might be imposed safely, or whether the tax burden should be reduced.

This would enable him to work out a clear-cut statement of policy to be placed before Congress. Before the 1921 Act was passed, no President was able to do this. The Departments used to happen along at intervals with their requests for money, carefully selecting propitious moments. Armed with complete knowledge of facts and policies

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HARRIS & EWING

Small section of G.A.O. where a mass of documents are examined



Setting plants in the shelter belt, a government gamble that the watchdogs have no chance to check

as planned by the 1921 Act the finance committees of the two houses would grant appropriations to cover as much of the program as they approved. Congress has the last word.

Therefore, the budget is a legislative and not an executive matter.

But Congress can only pass intelligently on the policies involving expenditures and receipts if it has all the information. The Bureau of the Budget was to gather it. The Bureau was planned to be impervious to politics, independent of domination, a cold, impartial assessor of facts on which the President could frame his policies. Armed with those facts, Congress

Senator Harrison with Lew Douglas, ex-budget director, who tried to foster economies

could pass upon the wisdom of his plans.

But the Bureau has lost its independence. It has become a mere adjunct of the Treasury. It is an assembly line for departmental appetites.

The Bureau does not even pretend to do the work it was set up to do. It lacks the personnel and the authority. Its men

must do what they are told to do. They take the position that it is no part of their business to make policies. Director Douglas tried that and was compelled to resign. Their business now is merely to reduce the innumerable and insatiable wants of the departments and agencies to some sort of order, so

(Continued on page 61)



What it Costs to Fulfill the Customers' Wants



LOS ANGELES HERALD-EXPRESS

Consumers should have choice of retail outlet they wish to patronize

DISTRIBUTION of goods begins when the farmer hauls his grain to market and when iron ore leaves the mine on its way to the smelter. But in its narrower sense "distribution" generally means the retail and wholesale business of bringing the consumer into contact with the products of farm and factory.

A recent pamphlet* published by the Chamber of Commerce of the United States compares the various methods used for reducing costs and improving distribution services.

The pamphlet points out the necessity for a more accurate definition of widely-used terms in the distribution field. For example, in describing the spread of "distribution costs," the price of a steak served in New York City is often compared with the price of beef on the hoof, or the price of razor blades with the price of ingot steel. Such comparisons disregard complex and costly fabricating processes which are necessary before the raw material can be made to fit the needs of the consumer.

The report further points out that, in the retail branch of distribution, salaries and wages paid to employees represent the largest cost item of merchants aside from actual cost of merchandise. In 1935, 5,500,000 merchants and employees were engaged, with a pay roll amounting to \$3,623,300,000 or 48 per cent of the total operating expenses. Allowing for compensation received by proprietors and firm members, total amounts paid as compensation to persons engaged in retailing approximated 65 per cent of the costs of doing business.

*Distribution Services and Costs, published by Domestic Distribution Dept., U. S. Chamber of Commerce, 1615 H St., Washington, D. C. Fifteen cents a copy.



N. ARMSTRONG ROBERTS

A customer may consume as much of a clerk's time in making a small purchase as in buying furniture



MCHANIGA

There is hardly a community, however small, that is not supplied with the products of farms and factories thousands of miles away

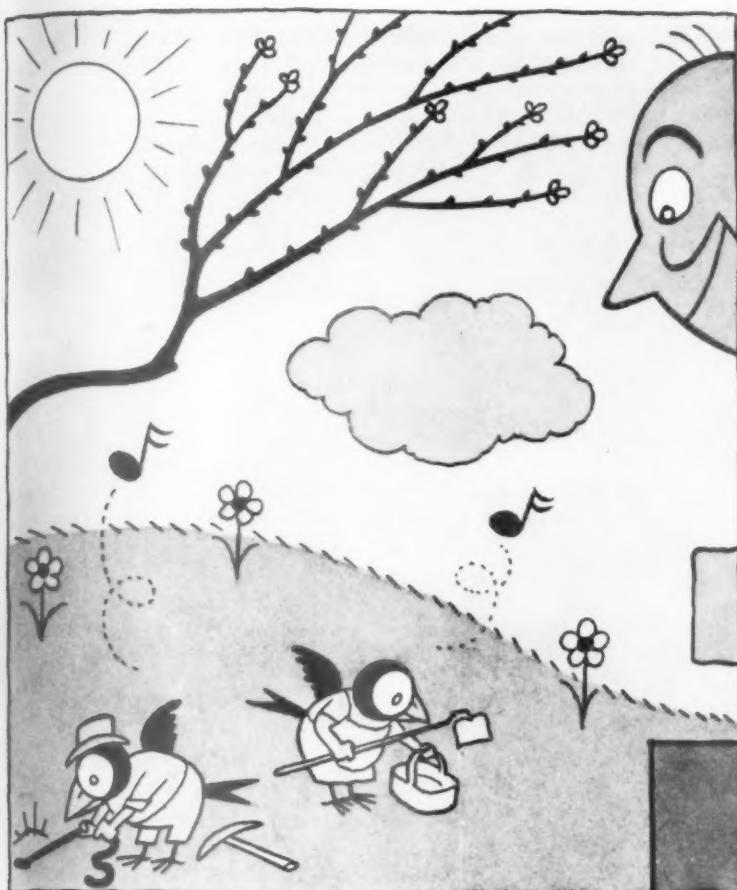


NORFOLK & WESTERN R. R.

Transportation facilities have made possible greatly expanded markets for many commodities and give the customer a wide range of choice

The Birds Teach a Relief Lesson

By E. J. KULAS



1 They were all self-respecting birds, willing to go out and scratch for a living

LET'S START with the premise that every man, woman and child in this country must be fed, clothed and housed.

The question is—how?

This brings immediately to the fore the issue of private employment *vs.* relief and W.P.A.

Not long ago a friend of mine was asked to attend a meeting to discuss relief. When he got there he found, much to his surprise, that practically everybody was trying to discover the best method of perpetuating relief upon an ample and permanent basis. Whereupon my friend ventured this story:

About two years ago, we had an ice storm in our neighborhood that made it impossible for the winter birds to get at their food supply, so we started giving them sunflower seeds.

In a few days the sun came out and the ice thawed—but, in the meantime, those birds had learned about sunflower seeds. They kept coming around—and so we kept on handing them out.

Those sunflower seeds have now become an institution. We started with a single pair of cardinals. I looked out the window the other day and found that our relief

WE CAN'T all sing as the birdies sing but we are very like them in other respects. This discovery alone will not solve the relief problem—but it can help

clients numbered six cardinals, four blue jays, four chickadees, three nuthatches and 18 sparrows.

They are all nice, self-respecting birds. But if those sunflower seeds are not out on the window sill by 9:00 o'clock in the morning they start raising thunder. And if I run out of sunflower seeds, our maid, who is my relief director, raises thunder with me.

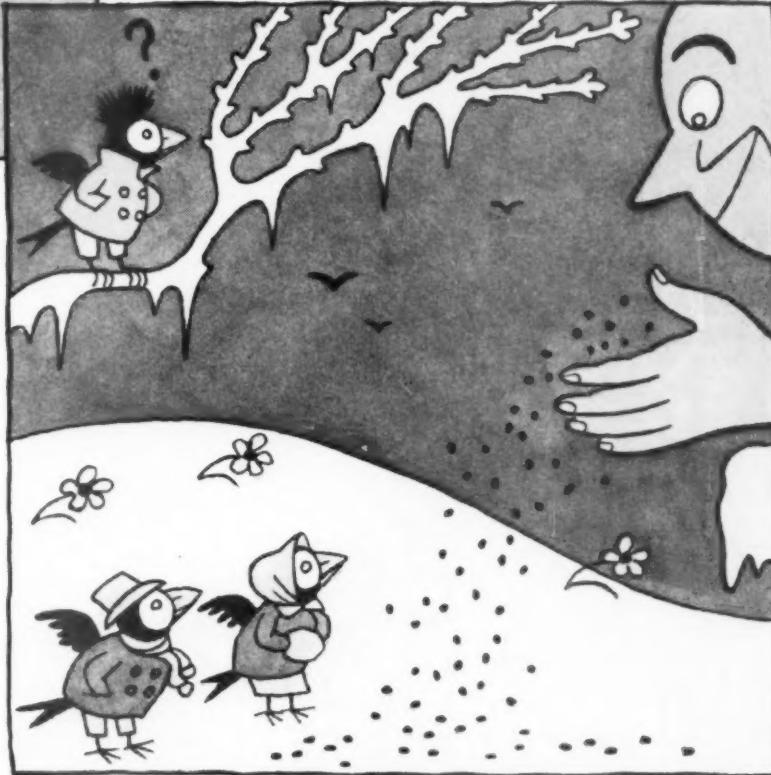
Since that ice storm, all the birds in the neighborhood have gone on relief.

The other things they could feed on are there for the picking and the scratching, just as they used to be—but the only way I know to get those birds back earning a living for themselves is to cut down on the daily allowance of sunflower seeds. Just as long as those seeds are there, those birds will stay on relief.

My friend was not popular at the relief meeting.

And yet—let me give you a brief example out of my own experience.

I was asked to see what I could do about getting a job for a man living in my neighborhood who for



2 When the ice storm made it impossible for them to get their usual food, we gave them sunflower seeds

CHARLES DUNN

several months had been on relief.

I succeeded in getting him a job—at \$18 a week. He wouldn't take it.

"Why," he said, "I can get along just as well or better on relief, without working at all."

Now I certainly do not think that all the people on relief have this point of view. But I do think that a great many of them would much rather stay on relief than go out and scratch for a living.

Living without working

WHY should men be any different than birds in this respect? Most of the birds on relief are perfectly good birds. Most of the people on relief are perfectly good people. They simply happen to be human.

And being human, why should they work for a living when they can live without working at all?

Before you start to criticize people for this point of view put yourself in their shoes. What would you do in that situation? Probably you would do exactly the same thing.

For instance—plenty of people in this country have preferred to retire and live on a small income from their investments rather than keep on working. Do you criticize them for that?

If somebody offered you 80 per cent of your present income for doing nothing, what would you do?

We can't condemn people who take the easiest way. That is part of the competitive system. In the struggle for existence some people fight to the very limit to get on top. Other people fight for survival by adopting the easiest method of keeping alive. There is nothing new about this.

The trouble is not with the people on relief. The trouble is with the set-up which has made relief the simplest way out.

And the relief situation has a close parallel in W.P.A. After all, there is very little difference—except that "relief clients" are not given anything to lean on. A man who was employed in a W.P.A. office for almost two years told me this:

There are of course a certain number of people who are able to work but don't want to work—but on the whole I would say that the majority of W.P.A. men, originally at least,

were pretty decent American citizens, who were ready and willing to do a good day's work for a day's pay, and had a substantial amount of self-respect.

But what happened? Most of the time the projects upon which they were put to work were of no consequence. Men were crowded into jobs so thickly they got in each other's way. The setting up of work standards was hopeless. How can you expect a man to put his soul into his work if half the time even his boss thinks, "What's the use," if his neighbor doesn't want to work, and when he knows from the outset that the whole proposition he is working on is a hopeless mess?

So W.P.A., in the last analysis, too often falls in the same classification with relief. W.P.A. employees remain, on the whole, just another bunch of birds living on sunflower seeds.

Now what is the answer to this proposition? I go right back to the blue jays and the cardinals. If you stop putting out the sunflower seeds, those birds will go out and scratch for a living. And just as long as you put out the sunflower seeds they will *not* go out and scratch for a living.

Since it is only human nature for large numbers of people to seek the easiest way to make a living, it would seem that the way to get more people off relief and W.P.A. and into private employment would be to make earning a living in private employment easier than living off the Government. Or—

stated conversely—to make relief and W.P.A. *tougher* than private employment.

Oh I know the objections that are going to be raised at this point. The so-called workers will say:

It's all right to talk about cutting down on relief standards and cutting down on W.P.A. pay—but how is this going to force people from public to private employment when there are no jobs open today in industry?

This certainly is a question that cannot be laughed off. Jobs are scarce in industry today. But why?

Jobs are scarce in industry primarily because there is no confidence in the business future. Why is there no confidence? Chiefly because of government regimentation and taxes. Industry today wrestles with the wage-hour law, the social securities and unemployment compensation laws, and a host of other measures. In connection with all of these laws and measures, industry has been taxed and taxed again—especially in connection with plans designed to add to the security of the working man.

The fact is that business has been regulated and taxed for the benefit of the working man to such an extent that business today hardly dares give an additional working man a job.

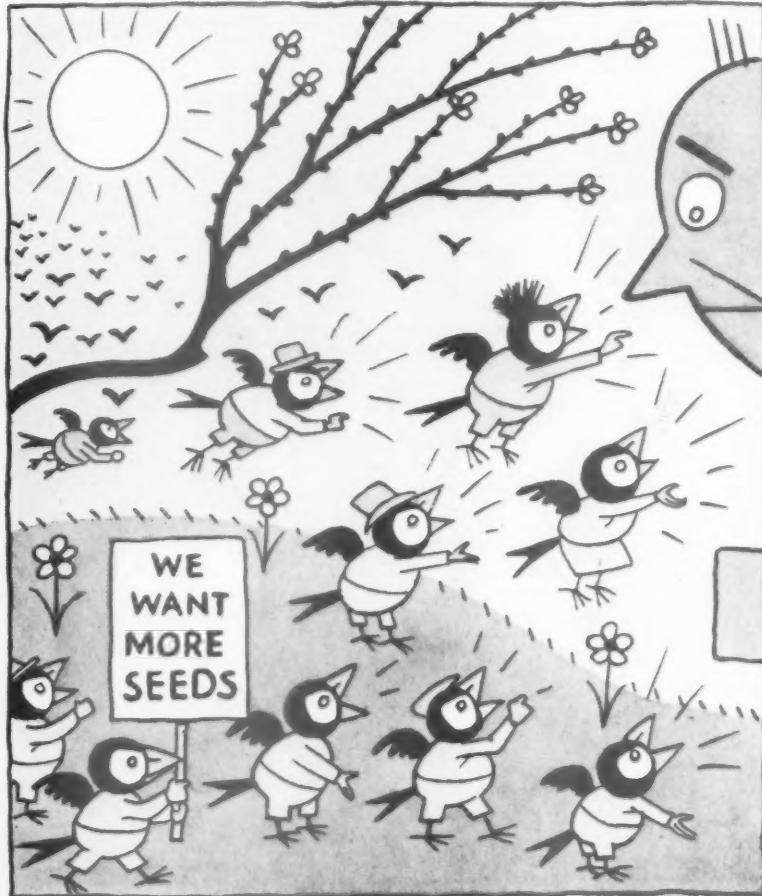
Our whole system of laws and regulations designed to aid the working man operates today definitely to discourage business from hiring an extra worker.

Brakes on hiring

A BUSINESS might afford to take on a few men to clean up or do odd jobs if it could pay for this work merely what it could afford to spend. But it cannot afford to start to build up its force experimentally, in the face of present employment regulations and taxes. Every new employee becomes a potential tax liability.

A small business employing seven men will hesitate long before hiring an eighth man—because, with eight employees, it becomes subject to a heavy tax from which it is exempt as long as it employs only seven or less. And there are thousands of such small businesses.

A man seeking to get off relief and earn a living for himself might go out hunting for odd jobs
(Continued on page 77)



3 Now if those seeds are not on the window sill by nine a.m. they all start raising thunder

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(page 77)

Educating to End Job Hunting

By L. E. MILES



An art student tries his hand at designing a selling poster

A fruit judging team in action.
State winners go to national finals in Kansas

Many graduates of the vocational courses now operate successful dairies



THINKING MEN, in the school business and out of it, concede that the majority of students leave school without adequate preparation for functional living. Consequently, the average graduate spends days, weeks, sometimes months, in fruitless job hunting.

Many school men believe that at least a partial solution of this pressing problem lies in a closer tie-up between the schools and business. They feel that the student must have a vocational training which combines theory and practical experience.

The federal Government now aids schools which include vocational training in their curricula. These federal funds are allocated on the basis of rural population. The state, in turn, adds to the funds and distributes them locally on the basis of teaching units. The money so received goes to finance the vocational program.

Since specific cases are more interesting than generalities, let us trace this movement in San Bernardino, Calif.

San Bernardino is a typical city of 50,000 population. Agriculture is the major occupation of the district, and it was upon agriculture as a vocation

that the program was first centered.

In the fall of 1923 a class in vocational agriculture was opened under the direction of M. A. Kipf. Mr. Kipf has "stayed with the job" and to him largely is due the successful development of the school's vocational agriculture. At the beginning, interest centered in horticulture and livestock. As the courses grew in popularity they were expanded to embrace general agriculture, animal husbandry, and agricultural economics. Within a few years judging contests had become the focal point of interest and soon the boys' organization known as "The Future Farmers of America" entered the picture.

In the meantime, state and federal governments had completed plans for sponsoring a program of vocational agriculture and in 1932 the school became a part of the state vocational agriculture system.

This new set-up requires that each student enrolled in the course devote seven periods, or 420 minutes, a week to vocational agriculture. The work centers about the important agricultural industries of the community—citrus culture, viticulture (raising of grapes), dairying, poultry, deciduous fruits, and livestock. Hand in hand with theory go actual experiences in the field, and the farmers of the community provide the fields. Thus, theo-

retical knowledge is immediately given practical application.

The course is planned to cover three years. In the first year of the course the student has "enterprises" related to production of crops, the various kinds of truck gardens, grain crops, corn, alfalfa, poultry raising, all related to other specialized farm enterprises.

Specializing in farm work

THE second year is devoted to animal husbandry. The boy learns much about sheep, hogs, horses, beef cattle, dairy cattle and poultry.

The first half of the third year is given to a specialized study of horticultural work. The second half is devoted to farm engineering, agricultural economics, farm accounting and records.

In his first year each boy must choose a "project." These are of two kinds—productive and non-productive.

The boy who chooses a productive product has his own animals or acreage. Immediately the question arises, "How will he get the money for such a project?"

Some fathers finance their sons or permit them to use acreage. However, most boys borrow the money needed—usually from \$200 to \$300. The local banks have cooperated by permitting the boys to have money at less than the prevailing interest rate. In such instances the boys sign notes with their fathers.

Others are financed by the Production Credit Association, a part of the Farmers' Credit Administration, an organization, formed in 1933, to lend money on farm lands. In this case, Mr. Kipf, as teacher of agriculture, becomes trustee for the boys and for the money lent them. No interest is paid

until the money is invested in the project.

The boy is made to feel his responsibility. He must submit to the Boys' Loan Committee a complete statement showing how and for what the money is to be used. It is understood that he must repay the loan in a year and that all income from prize money, sale of animals, or by-products of his project must be applied toward meeting his note.

The Production Credit Association issues checks for the amount of the note direct to the individuals from whom stock and materials are bought. The boy pays five per cent interest.

Since 1933, some 60 boys have financed their projects in this way and not a single one has defaulted.

Having chosen and financed his project, the boy goes to work in earnest. Suppose he has chosen a sheep project, which is a productive project. He learns how to choose animals best suited to his locality, how to develop green pasture for them, how to balance their rations. He learns the proper way to clip off the long tails with which sheep are born. He learns how to shear them and market the wool; how to fatten the lambs for market; how to disinfect them and clean the dirt from the wool. Since he must render a full accounting of the money borrowed, he also learns a good bit about practical book-keeping.

A boy who chooses a "Non-Productive" project must make a thorough study of some subject, such as citrus fruit growing. Again the farmer's cooperation makes the study possible. The

boy first outlines the procedure he is to follow, and his theoretical knowledge is put to practical application. If he reads how to prune a tree he later does the actual pruning. If he is studying soils he finds what the soil moisture is before and after irrigation—the depth of penetration.

He may arrange with a grower to keep orchard records for a year. In the course of his investigation he learns about irrigation; pruning; tree diseases and how to combat them; orchard heating; picking, grading and selecting fruit; packing, precooling, shipping and marketing. He must keep careful records of all costs and, at the close of his project, draw conclusions and make recommendations, giving copies both to the school and the grower.

Practical work required

ALL boys who take vocational agriculture aspire to become members of the Future Farmers of America, a national organization. In his first year, after he has begun his project, a boy may become a "Green Hand." When his project is completed, if he can lead a 20-minute discussion about it and show an increase of \$50 either in holdings or

(Continued on page 80)



A student learns tile setting under the cooperative vocational education plan

The champion stock judging team with the cup won at the Los Angeles County Fair

1939

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National Foreign Trade Week

May 21 to 27

Cotton has lost its po-
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port to automobiles

GENDREAU



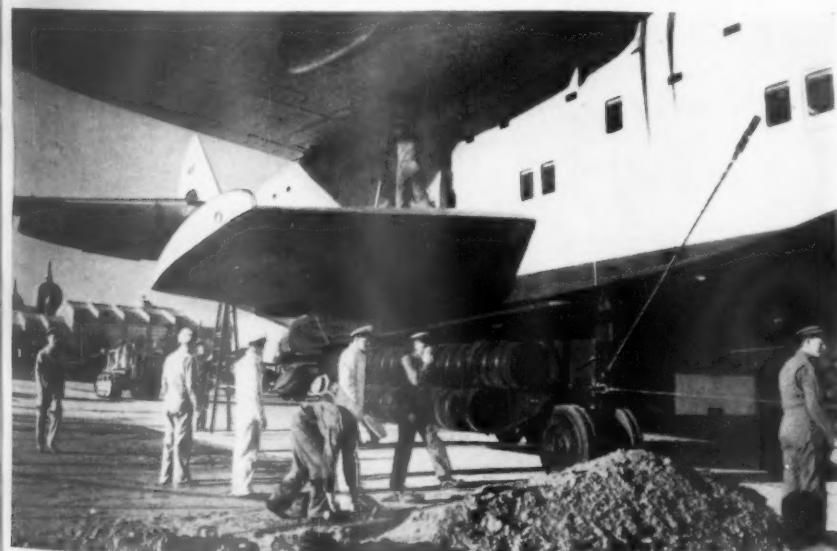
GENDREAU

Ten per cent of our exports go
to South America. This ship-
ment landing in Peru



EWING GALLOWAY

American ships in Hong Kong. Exports to this port increased five per
cent, but decreased 30 per cent or \$15,000,000 to China proper in 1938



CATERPILLAR TRACTOR CO.

The Pacific Clipper, sister ship to the Yankee Clipper, is made ready
for her first flight to Pacific ports of call



GENDREAU

THREAT of war in Europe, Japanese economic and military invasion in China, sharpened European competition in Latin America pose problems of major significance to American foreign traders. With this country the world's number one exporter and number three importer, it is imperative that there be national understanding of the significance of these events.

James A. Farrell, former President of the U. S. Steel Corporation, recently said:

In times so eventful and distracting; with the world in a state of flux and with such frequent changes in national economic boundaries; with the fate of several small European countries already determined by the rule of force and the fate of others trembling in the balance, it is difficult to adjust our perspective and to maintain our sense of proportion in judging of the effects of these changes upon our foreign trade.

And so during the Week of May 21 to 27, in the fifth annual observance of "National Foreign Trade Week," more than 1,200 groups throughout the United States will join in an organized effort to help American citizens to understand more clearly this country's part in world commerce and likewise to promote and improve trade with our many foreign customers and suppliers.

Three billion dollars of American production was marketed overseas last year and nearly \$2,000,000,000 worth of foreign materials passed inward through our customhouses. The factories, farms, forests and mines of America have, over the years, developed long established outlets for important percentages of their production. Were they suddenly cut off from access to those overseas markets, violent readjustments would have to be made in our American economic life.

The interplay of world economic and political developments records itself constantly upon the course of day-to-day American business life. The principles underlying our relationship to world business will be subjected to analysis, exposition, and constructive criticism during the coming "National Foreign Trade Week."



PHOTOS BY FAIRCHILD AERIAL SURVEYS, INC.

The Lathrop government housing project in Chicago is typical of horizontal construction with a density of about 100 persons per acre—Knickerbocker Village in New York (below), privately built, has 820 persons per acre



Why the Slums Aren't Cleared

By WILLARD K. SMITH

THE slum clearance program is giving better shelter to the lowest income group than is available to the middle classes

OF ALL propositions in the New Deal ideology, slum clearance and public housing have rallied their supporters to the greatest fervor, with nationwide hosannas resounding for the Utopia wherein all slum families will dwell in homes quite beyond their former dreams and infinitely beyond the hopes of the middle class whose taxes are paying for them.

To the slum clearance banners, since they were first raised in 1934, have swarmed professional and amateur sociological groups, civic and women's organizations, cabinet officers, senators, governors, and labor organizations, all beating the drums and shouting.

The futility of their efforts is obvious to men in government who have a practical vision of slum clearance. Alfred

WIDE WORLD



NATION'S BUSINESS for May, 1939



EWING GALLOWAY

Questioning of slum women discloses that they prefer the good old pulley line to complicated kitchen hangers. (Left) Former alley dwellings rebuilt into first class apartments renting for \$125

Rheinstein, Chairman of New York City's Housing Authority and Commissioner of Buildings, is spending government housing funds to the best possible advantage under the limitations imposed on him. The *Real Estate Record* of New York recently cited Commissioner Rheinstein as sponsoring these premises:

Government is under a social obligation to rehouse many families but this cannot be done successfully by emotional visionaries and social service workers alone.

The low rent housing program is not intended to give to the lowest income group more desirable shelter than is available to the lower middle classes. Its aim is to provide

safe, sanitary, decent and economical accommodations without "luxury gadgets."

While the housing authority accepts the aid of the federal Government, it opposes undue interference and intends to be free, to some extent, of the restrictions of centralization and remote control, however well meaning.

Experimental housing

THIS statement sets forth principles that have not previously characterized government housing.

But this is almost a lone voice crying, even today after half a hundred government ventures in housing, now alibied as "just experimental."

When we will be able to get out of the cut and try period and down to real

families in a New York City borough, each house to have a garden and place to raise chickens. With some 100,000 slum families in New York City to be rehoused somewhere in limited land space, this idea of spending \$8,000 a family is about as impractical a rehousing experiment as can be devised.

The ecstatic housing ideas which have been suggested would require that all receipts of the United States be used for this one purpose, plus mortgages upon the next ten years income. One housing program sponsored by a national organization actually demanded the expenditure of \$50,000,000,000 if fully carried out.

A radical change of thought and direction is needed if real slum clearance

changing impossible ideals to practical considerations; the second probably will not yield to any of the present attempted solutions.

Inquiry reveals that the poor desire clearance of their congested areas less than they want better living quarters. In the simple matter of clotheslines, for instance, questioning of a dozen slum women discloses that most of them want none of these complicated kitchen hangers, characteristic of new housing. They want the good old pulley line from a back window where they can hang clothes, gossip and watch the kids at the same time.

Yet, instead of appropriations made with stipulations which would permit a rapid and satisfactory improvement in habitation for great numbers of poor, we find the huge federal and state special funds being largely dissipated in providing a small number of supposed slum dwellers with excellent but small, extremely modern and expensive dwellings, surrounded by far more recreational space than can ever be practical in any extensive housing operation.

Change the theories

IF we are to have real slum clearance by the Government, or even any adequate improvement of living quarters, some fundamental stipulations and limitations now imposed must be changed. The question of land areas or density per occupied acre must be radically changed; the rule of land cost per square foot must be thrown out, and one of land cost per room, per apartment, or per person used; the requirement that projects be built for 50 to 60 year occupancy discarded; the absurd idea that any improved housing must be new costly works, with parks and landscaping must be changed; much more attention must be given to size of living quarters and less to playground space; appropriations should be available for remodelling or rehabilitating existing slum structures and, finally, the most serious study should be made of some entirely new type of cheap structure, built by extensive labor saving devices. Money must be saved by extreme measures in order that the two, three or even five times as many people may obtain some advantage under the laws and appropriations, as now do.

We find that little attempt has been made to develop new types of buildings and methods of construction that would keep costs down. With all the resources of the Government available, no large scale experimental work has been attempted.

In the matter of specifications and tolerances, the Government originally

(Continued on page 72)



EWING GALLOWAY

High density is blamed for all the evils of slum living although it isn't density, but poor living conditions that are at fault

substantial slum clearance is debatable. As a typical example of what is still going on, Nathan Straus, head of U. S. Housing Authority, was reported on February 3, 1939, as speaking enthusiastically of an "experimental dream come true," one which will open still another "new era" in housing. He referred to a new project that contemplated spending \$5,000,000 to house 600

is to be achieved even in small measure.

At present two conflicting aims are inextricably mixed in the minds of the public and legislators through the Government's inept handling of public housing. One is the need for better living quarters for millions of badly housed city dwellers; the other is slum clearance. They are not the same. The first could possibly be accomplished by

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John tells us his windshield wiper is on the blink. Will we fix it up?

We Found a Way to Get Our Money

By THOMAS C. WHITE and W. G. GLANCY

WE'RE NOT TYCOONS! We're not even big business men with our ear to the ground listening for what big business men are supposed to listen for. We only run a garage.

We've been in the business for 14 years and now we've decided to get mad at human nature.

We used to like our neighbors. We used to whistle when we shaved and kiss the little wife morning and evening. But we've stopped all that. We're up against the problem that confronts every small town garage in the nation:

People won't pay us.

Now let's not get hasty and come out with the good old bromide that "There's always a percentage of bad debts and you must count on _____. We've said that to ourselves; but when the so-called bad debts amount to 35 per cent of the business "take" your business can't stand it. At least ours couldn't and an impersonal survey will show that few of them can.

Has anyone ever stopped to consider the case of the local garageman? Well, it's about time. These fellows are an important set of gears in the nation's business. Here's a typical credit trans-

PSYCHOLOGY learned in a small town garage leads to a solution of that problem which haunts all small town business men—collection for the work done

action: watch closely—nothing up our sleeves!

John Eckerly walks into the garage one rainy morning in April. John went to school with me from the third grade and graduated from high school with me. Sure was a dandy fellow. John is married now and he has three kids. He works in the "city" and he drives a late model car. He has a good reputation. He has a good face. John tells us his windshield wiper is on the blink. Will we fix it up? We surely will—that's what we're in business for.

Comes the inspection—the verdict—new windshield wiper.

"Put 'er on!" beams John.

I beam. My partner beams. But—when the wiper is on and John doesn't have the price right now and will we trust him 'til Friday when he gets paid

—we don't beam. Because we know that it's at least a ten-to-one shot that John won't be in Friday. Furthermore we know that the chances are three to one that he'll never be in unless he has a bigger job that he wants to hook us on and he can't find another garage to do it. Then, and only then, he will redeem his credit in order to sue for more.

We are not pessimists. We are experienced. Collection in a small neighborhood is almost impossible. The only fellows we can be sure of are those who believe that God will strike 'em dead if they don't make it right. And every business man knows that men of this philosophy are few.

We tried to use the old "reputation" argument. But the minute we tried this with a deacon of the local church he started a whisper campaign that we

were starting a whisper campaign and hurt us more than we did him! By the way, he still owes us for a piston ring job.

In practically every small community there is a garage. Nearly all of these garages are run by "local boys." These fellows are, on the average, high school graduates and have taken a course in automotive work which probably took the greater part of a year. These men are certainly some sort of technicians. As a matter of fact, they are much better fitted to solve technical problems than business problems. And most of these business problems are going to resolve themselves into collection.

They don't pay friends

THESE collection problems result from the small town's peculiar psychological make-up. People don't pay you because they know you! They can't possibly believe that you have been of service to them because they are so used to you. This creates an almost impossible situation if the garageman is interested in keeping the "books straight" and the bad debt percentage low.

"You'll cut your own throat if you try to collect from these fellows." So says the village oracle as he sits behind our warm stove in wintry weather. "The way I see it," he continues, "is th' shere way. These guys around here are all honest. I've knowed most of 'em, man an' boy, for generations. Good peepul but hard up right now. Times is bad. Times is very, very bad. I ain't seen times like th' shere fer 40 year. Wa'al, as I was sayin', or startin' tuh say when that guy wanted gas, if you step down on them you'll ruin yer reputation. Ever'body'll think yer actin' smart. They'll call you a shark. Step easy, boys, yer not broke yet!"

No—not quite. But he's right. It's just impossible to show that you're not a shark if you want to collect.

Take the case of Eph Dooley. Of course that's not his name—but we'll take the case. Dooley ran true to form. First he came in for a few minor jobs and paid spot cash. He was a quality buyer. That's the way he was when he came in and asked us to do a job for him. We, like good small town garage-men, took the bait. Well, the job ran to about \$35. The best of materials and the best of our ability were used.

Mr. Dooley—fine man that he was—praised the work and promised to see us the next day. About ten months later

we began to wonder which day he meant. We contacted the elusive Mr. Dooley through the mails and got no response. We contacted him severely through the mails—dull silence.

"Let's," said my partner, "make an example of this cookie. This game of go-sheepie-go that we're always playing is losing its fine edge of entertainment."

I thought it over.

"Let's," I said.

Through a collection firm we finally found that Mr. Dooley was not dead.



"Way I see it is th' shere way, if you try to collect what's owed you they'll call you a shark"

No, sir! He was very much alive and kicking. Especially kicking! He kicked our doors open one fine afternoon and bellowed:

"Whatell you guys think you're doin'?"

Mr. Dooley was very, very much annoyed. He informed us that he was not the kinda guy you could kick around like that. Whats-a-idee? He wanted to whip us. After calling us sharks, crooks and names that even the village oracle had not foreseen he gave us the "lousy \$35" and left.

All this, friends, because we gave him a good job, months to pay, many polite reminders and finally gave 40 per cent of our money to the agency for the pleasure of clearing his name. And—believe this sincerely—he was a man of high reputation in our little community.

Thus the problems in our business. We've got money tied up and can't understand why our customers can't figure that we have. Our property is

assessed at \$4,000, inventory \$3,500 and equipment \$3,000. We have that much invested to guarantee that our community's cars will run and its tractors operate.

Naturally a tendency of the home folk to regard credit as a privilege to be abused hurts us. It is a serious problem although not lacking in its humorous side. There's the tire sale that we made, for instance.

One of our customers, who owed us a bill at the time, came in with a mail order tire which he wanted us to mount.

Being, by this time, chips off the philosopher's stone, we mounted it. By the time we had finished he discovered another tire that needed replacing. He asked us to put on one of ours. Assuming that he must have the cash or he would not have this particular type of mail order tire, we mounted one of our own. Faced, when finished, with the inevitable Friday we confronted him not too urbane.

We asked him if he had not paid cash for the mail order tire. He replied that he had but that was because they didn't know him! We might have pointed out that we didn't know him and that was why we wanted cash but we didn't. We merely told him that since he had paid the other fellow, it was only right that we should get ours. He went home and talked it over with his wife and came back and paid for the tire. Here's the point:

He had the cash when he asked us for credit!

He paid us when we insisted. And he got mad. He didn't get mad when the mail order people made him pay cash—but he got mad at us. There is the pith of what we are dealing with—a deliberate wish to delay or avoid payment to the home business—even when the cash is available. Is "small town envy" a part of this? We wonder.

Difficult collections

IT IS just that type of incident that makes us mad. Also this type:

A year or two ago a fellow bought two tires from us. We didn't know he was buying on credit until the tires were mounted. His bill fold was much in evidence when we sold the tires but we were later to learn that he was seeing if he could raise enough to serve as a down payment.

At any rate, this gent was a real subject for study as our business records subsequently proved. He gave us \$4 down and said he'd see us later. He did

see us later—but it was much later. About ten months after the deal—and we had billed him regularly—he came around again. The moment we gazed into his eyes we figured we'd hear a good story about being hard up. We figured wrong. Believe it or not, he wanted a rebate on the tires.

He hadn't paid for them, he'd run the tires flat and he didn't even have his one-year guarantee slip—but he wanted a rebate. Not a word about his account. Needless to say the gentleman was soon dismissed—but only after we had relieved ourselves of considerable spleen. That was the only satisfaction we've ever gotten from this account. Literally and figuratively.

The only drawback to this way of studying psychology is that it costs us more than the average similar item on the college curriculum. The course is vastly interesting.

The curious part of the whole picture is the credit customer's evident lack of understanding of our business. He is able to comprehend practically all angles pertaining to his own income but he seems to feel that the business world has singled us out to bless us with unlimited time and credit.

One customer, to whom we told the story of how he was crippling our credit

with our jobbers, said to us in all innocence, "Yeah—but you don't have to pay for these parts until we pay you—do you?"

How are you going to run a business when you have to extend credit to folks who are pretending to be or are actually that naive? And you must understand this, the small town garage must extend credit! We have found that out. It would take only a moment to turn our little business into a cash organization. But we know that the small town business will fail on that basis.

Credit is necessary

NUMEROUS incidents have taught us that. We once dickered with an elderly spinster for a half day and finally sold her a battery. After the battery was installed we found out it was to be a credit transaction. Now this little incident happened near the first of the month.

We told her, politely, no cash—much regret but no sale. She paid—we have never had any of her business from that day 'til this.

We have known this woman for years—for years she has been a bad risk—tying up our accounts for long intervals. In trying to right this situation

we lost her patronage. One woman does not matter, but ten of them do!

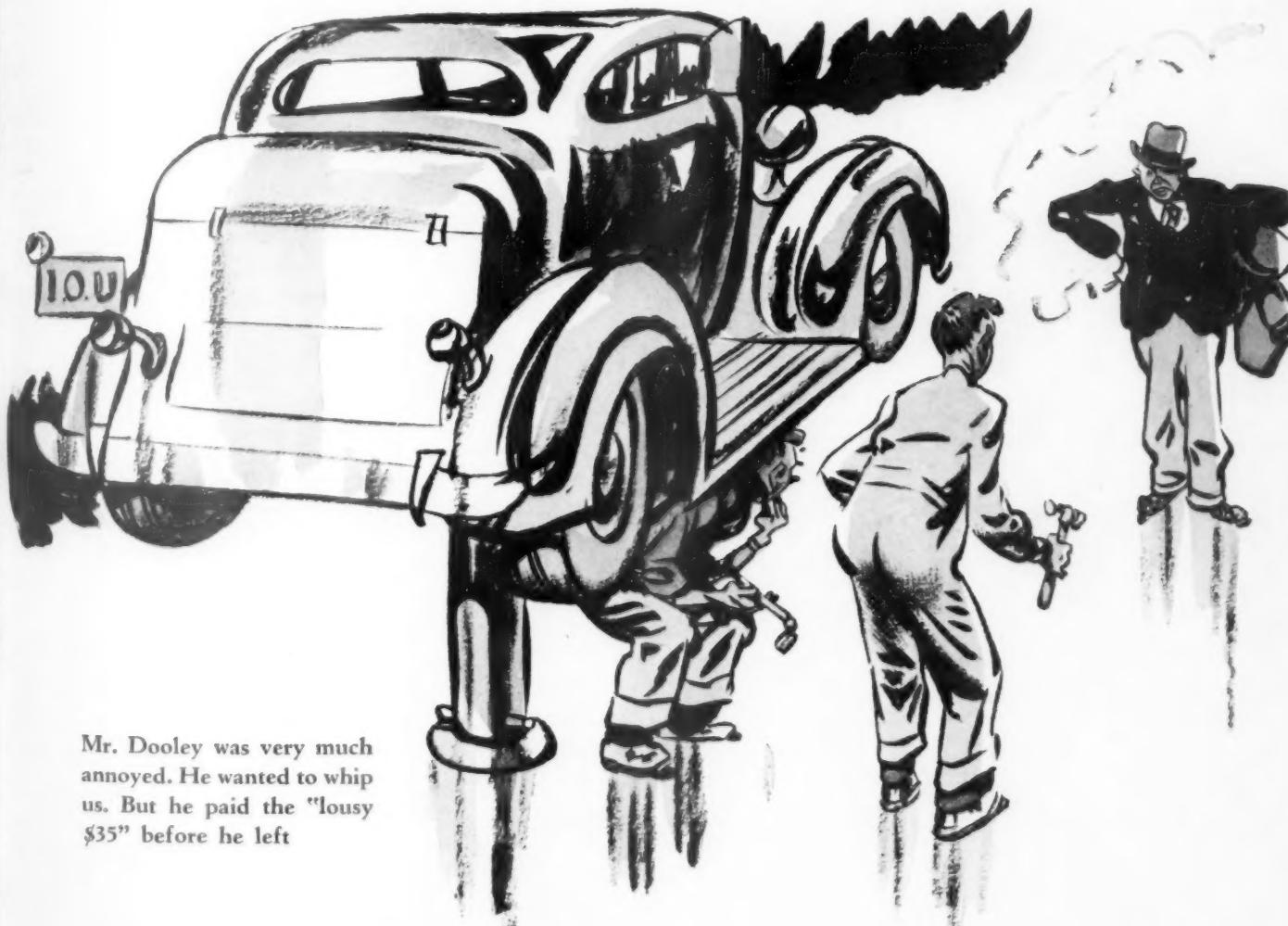
Speaking of women and credit problems we occasionally find one which borders on the ludicrous. There was the woman who stalked into our place of business very angry. We were the ones who should have gotten angry because her husband had owed us a bill for 12 months.

After conquering her agitation somewhat she demanded that we stop sending her husband statements. They made him nervous and he couldn't digest his food well!

We didn't tell her that we were getting more nervous all of the time because we had to keep sending him bills. No! We just smothered our laugh and told her we'd send a bill every two months. Believe it or not she thanked us for this accommodation. By the way—we have never collected this bill.

Credit transactions have probably been the bane of the existence of traders from time immemorial. Through progress in business methodology we have, in the main, been able to solve most of the problems. But the small garagemen whose customers are their near neighbors have peculiar credit problems arising from their customers'

(Continued on page 85)





Sometimes 200 persons are interviewed before a new employee is hired. Labor turnover is slight



Mr. Sherrill (left) studies remodelling plans constantly

A FEW YEARS ago a hotel manager in a southern city, glancing out of his lobby, saw that workmen were putting up a huge sign advertising the cafeteria across the street. It was an attractive sign. The hotel manager considered with some dismay the effect it might have on his own dining room business.

So he went to his office and dictated a reproachful letter to the owner of the cafeteria.

The next day the sign came down. That is the way Frank O. Sherrill of the S & W Cafeterias does business. He insists on being a good neighbor. He insists on other things, too, and since his methods have increased an original investment of \$3,400 to several million

in 18 years, they seem to be worth looking into.

From the outside, at least, there is no apparent reason why any business trade or profession couldn't adopt them. They are simple enough. The whole scheme is based on getting along with people and "people" in this case includes employees, customers and competitors.

Let's see how he does it.

To begin with Mr. Sherrill has shared profits with his executives ever since he hired managers. In a way, the system makes his executives literally stockholders. They share the losses as well as the gains, because their bonus is based on controllable expenses. Under this plan every manager theoreti-



Although self-service is the rule guests don't carry trays upstairs and children get assistance

cally is in business for himself. The more profit he makes, the more he realizes from the business. The old adage says, "It's a poor rule that won't work both ways." This one does work both ways. If the manager drops below his budget he loses on a rapidly sliding scale. It is all the more incentive to him to do everything possible to increase his volume and watch his operating expenses.

Perhaps one of Mr. Sherrill's greatest knacks is to put a combination of executives in each of his units—one hard-boiled, the other easy-going to offset the apparent extremes. He tries to have a "yes man" and a "no man" in each of his cafeterias. His organization is harmoniously balanced throughout. And there is no loophole for jealousy. All managers know what the others are doing. They receive a comparative statement of all branch

And the Meek

By W. O. VOEGELE

Week Shall Inherit the Earth

LE GETTING along in business is largely a question of getting along with people is the opinion of Frank Sherrill who ran \$3,400 into a fortune



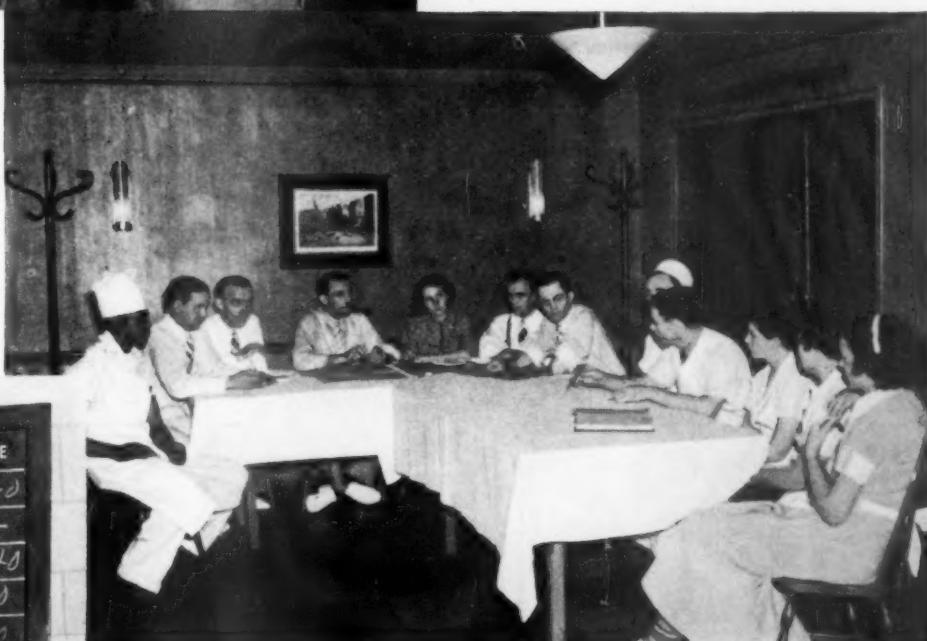
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Figures show every manager how his work compares with others

	FOOD COST	CHAIN OVER COST	SALES RATIO	OVER SALES RATIO	DIFFERENCE
KITCHEN	39.7	38.1	79.1	150.8	-20.40
BEVERAGES	24.4	30.4	11.1	11.1	
PANTRY	38.0	36.9	177	16.0	+24.40
PASTRY	27.3	36.1	16.8	6.6	+24.0
BAKE SHOP	27.2	25.7	15.1	15.2	-1.20
TOTAL	352	375			



Employees are let in on every operating matter and sit in daily conferences with their managers on company time

restaurants and that statement is amazingly up-to-date. After ten years they have developed a system by which the intricate food cost and control accounting is done by modern business machines. S & W is probably the only restaurant chain that has the actual operating figures for each individual unit at its fingertips at any time.

Although, in all their units, they serve 30,000 persons a day, one half hour after the unit is closed, complete operating figures are available for that day, to date, and compiled on comparative sheets. This is one of the most unusual angles in the food business. (Most restaurants and hotels cannot tell their food cost, pay roll figures, inventory, until ten days after the fiscal month.)

With these up-to-date figures before them, the managers know that, when one of them is promoted, he earned the promotion by merit. Perhaps this is

one reason why, in 18 years, Mr. Sherrill has never had to fire a manager. They leave him to go into business for themselves.

When they do that, he helps them to get started. He temporarily lends his own staff to the man who wants to open up and, if he can spare a dietitian, department head or cook, they stay with the former manager until his business is in full swing.

Moreover, except in one instance, he has refused to open a new cafeteria in a city where one of his former managers was already in business. In that particular case, he had planned to open in a certain city and had already negotiated for a location.

All these things make friendly competitors and enthusiastic executives,

of course, but that alone will not turn red ink into black if nothing is being done for the people below the executives.

Employees can work up

IN THE S & W Cafeteria System men are hired who are already satisfied. They are brought up in the organization. Are usually started from the bottom—in this business in the store room or kitchen. But they are not kept on menial jobs if they show brains for greater responsibilities. The human element is considered ahead of the profit angle. The established policies help materially to give capital a substantial return.

The head of the organization knows

every operating detail from experience and he hasn't forgotten how it feels to scrub cafeteria floors and kitchens. He wants his employees to make high salaries. That is why he introduced all kinds of bonuses on the merit and volume system. All his employees have a chance to increase their income through extra efforts. They are let in on every operating matter, and sit in on daily conferences with their managers on company time.

Regardless of position or the work they perform, employees are regarded and respected as co-workers. They feel they are associates of the boss. Amongst the thousand upward there are few whom the president cannot call by at least one name. Often he knows something about their families. He makes it his business to know. Many of them have been guests at his home. He is never too busy to see his employees, he thinks they are the grandest people, and there is no pretense about it. He sends his own doctor to them if they are sick. In some of his cafeterias he maintains a free beauty parlor for his girls and in all his units he has air-conditioned lounges with beds for them.

S & W was one of the first in the restaurant field to work on a six-day week. They never opened on Sundays. Equally, they close between meal hours.

(Continued on page 83)



Showmanship combines with service to keep customers coming in.
Every holiday is an excuse for a special feature



Many units have free beauty parlors for employees. All have air conditioned rest rooms with beds

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Is your office meeting the **MODERN WORK WEEK**

...without extra effort or extra expense?

HERE ARE A FEW JOBS TO CHECK:

Your Present Routine May Require Your Office Force to Build Toward Peak Loads.

By planning your work so that each set of records is completed and proved as it is written, the volume maintains a steady level and does not accumulate into a peak load at the end of the day, week or month.

Your Adding Machine Operators May Depend on "Flying Fingers" for Speed.

Operators who formerly tried to gain speed by making their fingers fly faster find it much faster and far easier to "short-cut" by adding entire amounts in one operation, rather than by depressing one key at a time.

You May Be Wasting Effort by Preparing Related Records in Separate Operations.

A great deal of time can often be saved by combining operations. There are extra advantages in getting statistical information earlier; avoiding the rehandling of figures and records; eliminating needless chances for errors, etc.

Your Present Routine May Require Duplication of Original Records.

Duplication of media in a separate operation takes time and increases the possibility of errors. It entails additional cost in verifying the duplicated records. Time and cost can be saved by using original records as much as possible.

You May Be Needlessly Relisting Figures.

Time can be saved and errors eliminated on many jobs by the use of two-total adding or calculating machines that complete the work in one run through the media, ledgers, cash books, journals, etc.

The local Burroughs man will be glad to help you make a desk-to-desk survey. It will enable you to determine whether any of your employees are handicapped by operations that might be shortened or eliminated. Call him today, or write direct.

SEND FOR
THIS
BOOKLET!

WAYS
to
SAVE TIME
in an
OFFICE

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for readjusting office routine. Send for your free copy.

BURROUGHS ADDING MACHINE COMPANY
6005 SECOND BOULEVARD, DETROIT, MICHIGAN

Burroughs

No Business Can Escape Change

Even in the face of war, business continues to create new accessories for better living

1 • A PURE mineral asphalt coating material for roofing is now available. It is spun and suspended in water. It is applied without heat or solvents, remains plastic at most temperatures, does not melt below 300 degrees.

2 • SPIKES with unusual holding power are made with a spiral twist near the point and also near the head. They drive easily, can be removed, but work loose only under exceptional strain.

3 • FOR CLEANING the inside of pipes from small water pipes to pipes six inches in diameter there is a machine using a flexible spiral cable. Cutting tools or brushes on the front may be driven through sharp coils and traps.

4 • SO THAT the new cool fluorescent daylight lamps may be used for desk work, there is now a desk stand with necessary auxiliary electric apparatus concealed in the base. The unit gives exceptionally well distributed light which closely matches daylight.

5 • FOR INDUSTRIAL power plants (not interconnected) there is now a frequency controller and recorder which maintains very close control, adds to efficiency, and is quite simply operated.

6 • FOR PRESERVING wood against decay and termites there is a new chemical which is said not to have objectionable odor or color, and does not affect the appearance or subsequent painting or other surfacing.

7 • FOR CAMP or picnic there is now a folding charcoal grill which has an ash and spark compartment. It is designed for efficient use, easy folding and to stand firmly anywhere.

8 • A LINE of household electric refrigerators is now available in which sterilizing ultra-violet lamps may be used. The light kills germs that are not shaded from its ray and gives off no appreciable heat.

9 • FOR SALVAGING split railroad ties and heavy timbers, dowels are now made by twisting square bars of steel. Driven into a bored hole, they almost completely prevent splitting.

10 • FOR MAILING single books there is now an adjustable box-like wrapper which fits all medium-sized books. It offers protection against dust and rough handling.

11 • A SMALL desk timer primarily for telephone use may be set for three or five minutes. It shows the time to run and rings a bell 15 seconds before the end of the period.

12 • A NEW lunch box makes practicable warm lunches for workmen. It is wired so that three containers in the top are heated by electricity while the bottom is insulated to remain cool. Only a short time is required to heat, a thermostat protects against overheating.

13 • FOR PULLING railroad spikes and drift bolts there is a one-man tool which requires no mauling. Said to be safer and more economical, it need not be driven under the head. The movable claw teeth bite into any protruding metal.

14 • A NEW clasp-type envelope is said to be easier on fingers. The metal clasps are covered with a protective rubber sheath.

15 • A NEW pear is seedless, with only a trace of a core. In color, size and flavor, it resembles a Bartlett pear.

16 • FOR THE destruction of germs and organic odors there is a new deodorant with a material which liberates nascent oxygen as needed. It is available in liquid or powder form.

17 • TO SIMPLIFY ironing day there is a new steel ironing cabinet which can be easily installed in a home, has an ironing board that opens out, cover and pad for the board attached by special clips, an iron rest, and other gadgets.

18 • A NEW insulating material for various refrigeration uses weighs less than 7½ lbs. per cubic foot. It may be fabricated, cut or bent to moderate curvatures and is subject to very accurate dimensioning.

19 • A SMALL but efficient washboard primarily for lingerie is made of a molded plastic which is unaffected by soap. It's said to be noiseless and easy on hands.

20 • A PROTECTIVE coating designed for aluminum and alloy sheets during fabrication provides protection against scratching; withstands bending, twisting, pressing. It is easily removed or provides a good base for finishing materials.

21 • FOR SEALING mattresses and pillows there is a new paint applied by brush which leaves a smooth, durable film. The painted surface may be washed. It's particularly useful for those allergic to pillow fillings.

22 • A MAIL BOX has been devised which, if hooked up with the door bell, gives a distinctive signal when mail has been deposited in distinguished from a visitor's ring.

it. The signal is readily

23 • AN ABRASION-RESISTING paint is available for conveyors, chutes, floors, ramps, and the like. It embodies a powder from a hard stainless metal; helps prevent slipping.

24 • A CONTINUOUS motion picture projector takes 25 to 800 feet of 16 mm. film as an endless belt without scratching. The film rests on edge on a floating rewind plate.

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



...Like an Open Book

ONE OF AMERICA'S greatest and most important businesses is like a book, open to anyone who would look inside.

That business is the business of *life insurance*.

All affairs and practices of a life insurance company are open to scrutiny by State Departments charged with the supervision of the insurance business. Such a department now exists in every state in the Union.

The head of this Department in your state is a man you ought to know about—for it is his job to help safeguard all aspects of life insurance service.

How does he do this? In a number of ways...

In most states the laws specify the provisions which policy contracts must contain and the values that must be included. It is the duty of the Insurance Superintendent to see to it that all policies conform with the law.

Once a year, each company is required to give the head of each Insurance Department a detailed statement about

the company's operations. This statement (which is kept on file for the inspection of anyone who wishes to see it) contains complete information about the company's business.

It tells about the company's financial condition, showing its ability to meet obligations; also contains a history of purchases and sales of securities, all salaries in excess of \$5,000 per year, and many other details regarding the company's business.

The laws require that each company be examined by its State Insurance Department examiners at specified intervals. Under New York State laws, Metropolitan is examined once every three years. This examination is so thorough that a large staff of examiners requires about a year and a half to complete it. Each company is also subject to examination, at any time, by the Insurance Department of any state in which it does business.

All this work is done in the interest of everyone who owns, or expects to own, a

life insurance policy. And in doing this work, these officials and their associates are an aid to the companies in making life insurance the sound institution it is.

COPYRIGHT 1939—METROPOLITAN LIFE INSURANCE CO.

This is Number 13 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



Plan to visit the Metropolitan's exhibits at the Golden Gate International Exposition in San Francisco and at the New York World's Fair.

Reporters Will Come and Get It

By HOWARD J. CARSWELL

UNDoubtedly your business has many stories that editors would like to print and the public would like to read. This article will help you recognize them

THREE ARE indications today that business is heading toward a rebirth of popularity, or at least a more general public favor. The big city newspapers are beginning to realize the need, long neglected, for a broadened scope of coverage of commerce, finance and industry. The newspapers want more business news. There should be more cooperation.

Through the harrowing 1930's that ubiquitous term, "public relations," has been given a changed direction by the socio-economic issues implicit in severe depression and by the Government's social philosophy. A militant labor movement, grave unemployment and distress, disappointed investors, extended regulation and a critical governmental regime have impelled it.

This is a day of social security, collective bargaining embodied in law, of new taxes, uncertainty as to what constitute fair trade practices and monopoly. The whole business structure today is so hypersensitive that even the snarl of a European dictator can send American securities prices tumbling and plunge business into gloom.

All of these things increase the need for a well conceived and directed public relations policy. Since business now lives in a glass house, it may as well make the most of it.

Obviously newspapers are an important medium in the public relations scheme. The press is concerned in a number of ways, but here we deal with just one aspect. Dealings with the press on litigation, strikes and labor trouble, government and politics, unfavorable publicity attending factory mishaps or personal scandal—these are different problems. Nor will we dwell on such routine aspects as trade statistics, earnings, executive salaries and the like, because newspapers now receive them as a matter of course. The question here is:

How can business tell its story so that



Since business now lives in a glass house, it might as well make the most of it through well directed publicity

newspapermen will come and get it? How does business management go about cultivating general favor with the public?

There is no simple answer, but much can be done.

To begin with the editor feels that the responsibility for making business popular lies with business itself.

Give out all the news

WHAT the press wants is news and information. After all, reporters make their livings by getting news. Politicians know this, but too many business executives are indifferent. Certainly it is the part of enlightened self-interest for business management to be more alert to see that the man on the street is better apprised of the many-sided problems and responsibilities implicit in merchandising, advertising, employee and labor relationships, government laws and regulation, and in relationships with dealers, consumers and securities holders.

Constructive publicity can be obtained because the big city newspapers are beginning to invite more of it and this deserves some explanation. The big city press is the crux of the matter for the simple reason that most business news originates in the populous

centers of industry and finance, and for the additional reason that only the large metropolitan journals have the space and resources to devote to this field.

The metropolitan press goes to considerable effort and expense to supply voluminous quotations on stocks, bonds and commodities. Competent writers devote much space to the somewhat abstruse subject of high finance and the mechanics of money and credit. For advertising revenues they depend on banks and new bond issues, which alone indicates a narrow reader appeal. Today these sections on business and finance are far from being self-supporting, and it is not reasonable to expect them to become self-supporting so long as they depend on the present advertising revenues. Moreover, surveys indicate that these sections as now constituted have only a little more reader appeal among men than do the horoscope, bridge and love fiction features.

Therefore the stock market emphasis is due to pass, and so is the day for treating the New York Stock Exchange as the fountainhead of business news. The time has come for newspapers to expand their concepts and eval-

(Continued on page 86)



Auto-Lite Spark-Plugs (here undergoing rigid inspection) are one of 400 automotive parts and appliances made by The Electric Auto-Lite Company. "Spark-plug" of Auto-Lite figure-work methods: the Comptometer.

Electric Auto-Lite Company enthusiastic about COMPTOMETER ECONOMY



Are your firm's figure-work methods "biting on all cylinders"? May our representative show you how "Comptometer Economy" applies to your business? Telephone your local Comptometer office—or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.

If you drive a car, you're probably an "indirect customer" of The Electric Auto-Lite Company . . . for, through its 17 manufacturing plants, Electric Auto-Lite produces more than 400 automotive parts and appliances.

At this Company's main plant and executive offices at Toledo, Ohio, Comptometers handle the great bulk of Auto-Lite figure work: Payroll, Sales Analysis, Statistical, Planning, Costs, Comptroller's Department and General Accounting.

In the Sales Analysis Department, an average of 32,000 invoices (averaging 5 items to the invoice) are received each month. From these, over 100 separate summarizing reports are compiled each month, and sales analyses must be ready in four working days after the first of the month.

Mr. W. V. Flood, Comptroller of The Electric Auto-Lite Company, says: "The high speed, extreme flexibility and Controlled-Key accuracy afforded by Comptometers—and the Comptometer Peg-Board and Unit Ticket methods—have been important factors in enabling us to maintain rigid control at all times . . . and give the phrase 'Comptometer economy' very real and important meaning!"

COMPTOMETER

Reg. U. S. Pat. Off.

Washington and Your Business

Jiggles from a Seismograph

The Unknown Reporter spilled the beans when he wrote that President Roosevelt wished to "appease" the business interests.

The wire murmurs that Mr. Roosevelt thought then and thinks now that if any appeasing is to be done he should get it and not give it. He has been distinctly restless ever since the word was used.

Silver Moon Will Sail On

ment. They will be reinforced by Senator Carter Glass, chairman of Appropriations and Banking and Currency, his foe but occasional associate Marriner Eccles, and will be aided by Secretary Morgenthau's technique in praising with a but.

When the Chinese battle is over the silver purchase plan will be continued.

Score One for Son Elliott

courtiers. So it is said. Young Mr. Roosevelt discovered quite early in the game that they were trying to make use of him and it seems that he has an ingrained dislike for being pushed around. And—so one hears—he is vividly candid.

Remedy for a Bad Disease

Then the Bureau of Internal Revenue reopened the case, adduced the same law and the same facts, and a different decision was reached.

"Isn't there any way," the Bureau was asked by this department, "to get a decision from the Bureau that will not come unstuck?"

There is, it appears. If the taxpayer will ask the Bureau to sign an agreement under Section 606 he will not be bothered again.

Dr. Ehrlich might know the answer.

A Wise Parrot Says "Uncle"

"We were not coerced. My, no! We cooperated of our own free will. We think this plan will help the farmer by getting rid of the surpluses and it will help feed the hungry."

There was a muttered inquiry by this department.

"Of course," admitted the food chain, "we realized that

OVER the wire from the Revolving Antechamber it is learned that Business should put up a statue to an Unknown Reporter. The suggested materials are asafoetida and cheese.

if we got hostile the Government might get into give-away competition with us. We wouldn't like that."

Bank Nights Next at W.P.A.

hunt for a private job when he can get the same pay on the W.P.A. with cakes.

The Alliance makes it clear that wise workers will join up. The more who join up, the heavier political club it can swing. So it will ask for more and brighter food tickets. And probably get them.

Just to Be a Good Neighbor

BECAUSE this department is at heart wholesome and helpful it will call attention to Supreme Court Justice Stanley Reed's modest little booklet for the democratic presidential nomination. Judge Reed has been able to see legal questions through Justice Black's glasses, who is reputed in turn to rely for optical aid on Tommy Corcoran. The wire suspects that if Judge Reed loses that presidential hope he will stop playing cheekie with Justice Black.

Deep Look in Crystal Ball

FAIRLY reliable soothsayers say that Congress wants to restore W.P.A. to some form of order, but cannot determine the form. Coal Commission is on its way out. It has combined lovely aspirations with a good deal of kicking under the table. No help in sight for railroads. Loans for small business is a pretty thought, but no money will change hands.

There is a chance that the President will be deprived of his present authority to devalue the dollar. Moderate amendments certain for Labor law. If Administration attitude is too stiff, the Labor Board may come in for an investigation. Cotton prices will be boosted in 1940 by some device. Ditto other crop prices. F.C.C. will escape this year with a few hearty kicks.

Narrative of a Temple Revolt

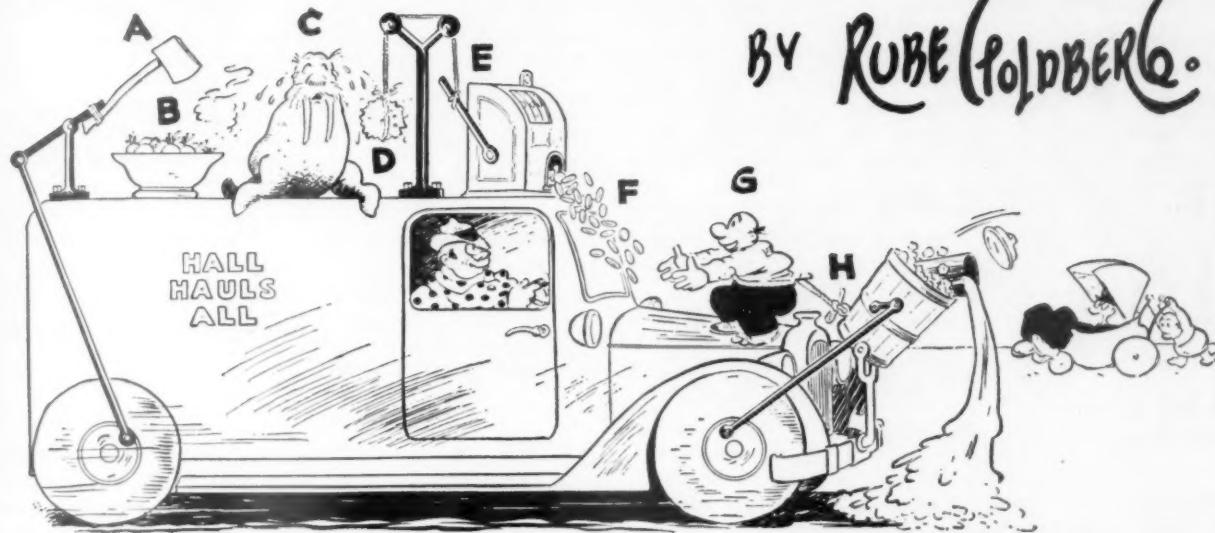
IF Dr. Robert M. Hutchins of the University of Chicago takes Jerome Frank's place on the S.E.C., Call-Me-Bill Douglas will have put him there. Hutchins made Douglas such a handsome offer to go to Chicago University legal faculty on one occasion that other members of the faculty notified Dr. Hutchins to back down or get out. The ultimatum was put in pretty collegiate phrases, of course, but the professors meant business.

Bright Play of Palace Politics

SECRETARY of State Cordell Hull, like Vice President Garner, like Postmaster General Farley, is suspected of possessing a presidential ambition that has not been thoroughly pasteurized. He went south for a rest. Under Secretary of State Welles wrote a severe note to Herr Hitler. It was to be sent out under his name when Hull learned through the grapevine what was going on and telephoned to Washington. So it was Hull's name that

HOW TO INCREASE YOUR TRUCK TIRE MILEAGE

BY RUBE (FOLDBERG)



ACTION OF REAR WHEEL MOVES AX (A), CHOPPING ONIONS (B) AND CAUSING WALRUS (C) TO CRY ON SPONGE (D)-WEIGHT OF SPONGE PULLS LEVER ON SLOT MACHINE (E), HITTING JACKPOT (F)-UNEMPLOYED MIDGET (G) DIVES FOR COINS, UPSETTING ICE CREAM FREEZER (H), WHICH OPERATES FROM FORWARD WHEEL - ICE CREAM SPILLS ON ROAD IN FRONT OF MOVING TRUCK, COOLING TIRES AS THEY RUN THROUGH IT AND PROLONGING THEIR LIFE !

And Here's the New Goodrich Way to Make Tires Run Cool, Last Longer

• Rube Goldberg's method of making truck tires run cool sounds rather expensive — as well as ridiculous. But heat failures and big tire bills are nothing to laugh at. That's why Goodrich put engineers to work to build a new kind of tire for today's trucking conditions.



FORGET THE HEAT PROBLEM

Heat is the enemy of truck tires. Peak loads and high speeds generate withering heat. Temperatures as high as 300° are common. Yet sustained temperatures above 240° are sure to result in premature failure!

Goodrich has licked the heat problem for you! A new Goodrich cord, called Hi-Flex, slows down

heat generation — and, on top of that, withstands better what little heat is generated!



NEW CORD WILL
SAVE YOU MONEY

This new cord is made by a secret process in Goodrich-owned mills. It flexes like ordinary cord—but it comes back alive! It retains its "spring" and its strength throughout the life of the tire.

You can't see this cord in the new Goodrich Triple Protected Silvertowns. But because it's there you can handle peak loads—your trucks can travel faster. And you will get more mileage per dollar than you ever got before.

USERS PROVE THESE CLAIMS

The new Silvertowns, built with Hi-Flex Cord, have been used on many of the most severe tire jobs in the country. Working under abnormal conditions, where tires blew out one after another, Silvertowns lasted 2 and 3 times longer than the best tires used before. You probably don't have hauls like this but whatever your trucking work, you can save with cooler-running Goodrich Tires.

HI-FLEX CORD KEEPS HEAT BELOW DANGER LINE

Hi-Flex Cord is more compact, more elastic — yet actually stronger than ordinary cord. It retains its strength and elasticity throughout the life of the tire.

This thick, bulky cord builds up tire beat



This new compact Goodrich Hi-Flex Cord cuts down dangerous tire beat



Goodrich ^{Triple}Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

was signed to it. This department has previously observed that persons who annoy Mr. Hull sometimes meet with sticky ends.

Hatton Sumners Loses Temper

and then he blows up: "What a lot of so-and-so's," said he to a group, "our grandchildren will think us—sticking them with this load of debt!"

General report is that John W. Hanes, Under Secretary of the Treasury, thinks along the same lines. Not long ago he was on the verge of resigning his office, but was persuaded to hold on at least for a time. Too many Treasury officials have already leaped out of the windows.

Make Big One of Little Ones

Revenue, Customs, Coast Guard, and perhaps two or three more. This has been vigorously fought by the various units, each of which wishes to preserve its own importance, and each of which has always been able to swing enough congressional support to head off action. Under the new reorganization law, the amalgamation might be brought about. It is hard to see why it should not be a good thing. Morgenthau thinks it would, and Morgenthau has been growing in the popular estimation.

Mice Play When the Law's Away

The idea was the same that all the authority-spreaders have. The office boss should be permitted to rise superior to the law. He should be given what amounts to a letter of marque, permitting him to prey on hapless little merchant vessels. The more loosely the law was written by careless congressmen or interested agents the more power he would have. An example is the bill recently introduced to "take the profits out of war." The 50 statesmen who signed it knew very little about it. The man who introduced it had not even read it through. The wage-hour bill is another example. Andrews admits he does not know what all of it means. One-man authority would simply substitute the one-man for the law.

Court Hits the One-Man Law

time, but that time has not quite come. The F.C.C. had refused to O.K. an application for a broadcasting license on grounds the court held to be unsubstantial:

"We cannot consent to the view that either the right to grant or the right to revoke is subject to the uncontrolled discretion" of the Commission. If the Court had not ruled that the F.C.C. must obey the law and not gambol over a political green the freedom of broadcasting in this country would be only a wistful memory.

Passing the Whip to the Big Man

THE new reorganization law is regarded as a pretty good statute, all things considered. Some steps can be taken toward reorganizing the Government, which has badly needed reorganizing ever since the Government moved to Wash-

ington. Two pins may be stuck in the new law as a jog to memory:

One: there is a persistent report that a joker has been hidden in it by the fine Italian hand of Lawyer Ben Cohen. Report not confirmed.

Two: The President can do whatever he pleases within the frame of the law unless the two houses of Congress gang up in a concurrent resolution. Regarded as unlikely.

NOT long ago our coastwise fleet was the second largest seagoing fleet in the world. It was only exceeded by Britain's merchant marine. Our Atlantic coast is dotted with handy harbors. Plenty of contiguous business. The man this department thinks knows more about our merchant shipping than any other said:

"Our coastwise shipping is all shot. Going to ruin."

Some one up on The Hill forgot to read through a bill that had been introduced.

Overload Boats with Sailors

MADAME Secretary Perkins is blamed for the bill but this may be unfair. On The Hill they blame Madame Perkins for everything except the foot and mouth disease. The law as passed requires three shifts of seamen on every steamer of more than 100 tons.

There isn't room on a small ship for so many men to sleep, let alone work.

Making everything fine and dandy, the shipbuilding plans of the Maritime Commission, plus the Navy's expansion, have not only so crowded the yards that new ships for the coastwise trade cannot be built, but the labor cost has gone up out of all reason. A demand for a coastwise subsidy is coming.

"Our new C2 merchant ships, being built by the M.C., cost \$2,500,000. A brand new Danish ship recently made the port of Baltimore. The Maritime Commission's experts looked her over. She is better in every way than our C2's and she only cost \$800,000."

Lewis is Off the Reservation

WORD comes that those loud whoops John L. Lewis is emitting, somewhere out in the darkness, are shot through with deadly purpose. He thinks he can honest-to-goodness wreck the A. F. of L. He thinks he can force the New Dealers to aid him in this by using the *Or Else* Club. News value of the item is that this time Lewis seems to mean it.

No Czar for the Bankers

INVESTMENT bankers of the I.B. Conference state that the agreement reached under the Maloney Act with the S.E.C.—that is a crude way of stating it but seems to cover the facts—will practically drive out of the investment banking business men who cannot qualify under the strictest rules of banking morality. No matter how sincerely a dealer in investments may regret his dealings with that little widow years ago he will be—says the I.B.C.—out for good.

The plan provides for a boss man with all the authority needed to enforce the law, but so subject to checks and counterchecks that he cannot be called a czar.

Headache in Happy Valley

AN after-thought seems to be running a demonstrative course in Tennessee. The Taxpayers' Association, by examining the records, has determined that the annual loss in revenue to the state, counties and municipalities due to the T.V.A. amounts to \$3,512,095. The engineers of the T.V.A. state that when that operation reaches its potential peak,

Quicker On The "Trigger" In Traffic Than Any Other Low-Priced Car!

Try to equal its acceleration . . . try to equal its performance on the hills . . . in other cars of its price!

You'll think there's quicksilver in the wheels of this lively car once you drive it or watch some other capable driver handle it in traffic.

For the new Chevrolet is amazingly "quick on the trigger" . . . accelerates from 5 to 25 miles an hour in record time . . . is *faster* in moving traffic than other cars in its price range!

And this very nimbleness is, of course, an aid to *safety*, because it helps Chevrolet drivers to keep free of traffic tangles.

In hill-climbing, too, "Chevrolet's the Choice!" It's a *better* performer on the hills than any other car in its field.

You'll want a new Chevrolet this summer. . . . Order one today from your nearest Chevrolet dealer. . . . And then step out and enjoy motor-ing as you have never enjoyed it before in any low-priced car!

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICHIGAN. General Motors Instalment Plan — convenient, economical monthly payments.

*It's the LIVELIEST
of all low-priced cars!*

No other car combines all these famous features:

EXCLUSIVE VACUUM GEARSHIFT
NEW AERO-STREAM STYLING, NEW BODIES BY FISHER
NEW LONGER RIDING-BASE
85-HORSEPOWER VALVE-IN-HEAD SIX
PERFECTED HYDRAULIC BRAKES
NEW "OBSERVATION CAR" VISIBILITY
PERFECTED KNEE-ACTION RIDING SYSTEM with Improved Shockproof Steering (Available on Master De Luxe models only)
TIPTOE-MATIC CLUTCH

A GENERAL MOTORS VALUE



CHEVROLET

The only low-priced car combining "ALL THAT'S BEST AT LOWEST COST!"

ALL CHEVROLET PRICES ARE MUCH LOWER!

which will not be until 1945, the total tax to be paid by it will be only \$645,000.

"This is not an argument against federal ownership," the Association states in its report to the citizens of the state, "or a plea for the imposition of a new tax."

It merely asks that the T.V.A. pay to the state and localities the money it is now taking away from them each year. The T.V.A. could do this by entering into what the Taxpayers' Association plaintively calls a "neighborly agreement." But if it did that the yardstick would be pretty badly ruined. The T.V.A. has maintained a masterly silence.

Let Mr. Norris Laugh This Off

the actual annual loss to the general taxpayer, as disclosed by an analysis of the T.V.A.'s most recent report, is \$22,213,000.

If to this loss were to be added the \$3,512,095 which "in equity" according to the Taxpayers' Association the T.V.A. should pay to Tennessee and its counties and towns the net annual loss would be \$25,725,095. This is considerably more than the annual cost of all the activities of the state government of Nebraska.

Come All Ye Heavy Laden

To place added tax burdens "on homes, farms, and all other property would be inequitable and wholly unjustified."

If the T.V.A. will inquire of U. S. Treasurer Morgenthau, however, it will learn that the only place to put a tax is on the taxpayer.

Flying Dutchman Streamlined

SADISTICALLY inclined persons who like to laugh heartily at the methods of government are invited to consider this brief tale. At intervals a window-barred train is sent from coast to coast to pick up persons tapped for deportation. The two men in charge are required to pay all the living expenses of their several hundred charges out of their own pockets. Eventually they will get the money back if the G.A.O. finds no flaws in their accountancy. According to a statement on The Hill some of the European Governments are refusing to accept certain deportees—white slavers, narcotic addicts, etc.—after they have been certified out by Secretary of Labor Perkins. There is no provision in law by which Madame Perkins can uncertify her certificate. If the two men in charge of the train turned their cargo loose the guilty custodians could be placed indefinitely under hatches. But, if their private funds are exhausted, the unfortunate deportees must go hungry. What to do? What to do?

Seems to Like Marked Cards

ATTORNEYS who work for the S.E.C. learn all there is to know about the new laws for barrel-bending corporations. Likewise attorneys who work for the Bureau of Internal Revenue discover what the income tax means. Upon retiring from the S.E.C. and the B.I.R. such attorneys are in a position to give clients really worth while guidance. Within the law, mind you. But they are not permitted to practice before the two bodies for so long a time that, when they are admitted, the laws and the regulations may have been shifted completely around.

Spirit of Fair Play Gaining

been issued that no undue advantage shall be taken. If a taxpayer settles his legal dues he is not abused because some one thinks he is morally bound to pay more.

Report on Two New Officials

FRED H. BROWN has been named Comptroller General, taking the place left vacant by the retirement of John R. McCarl at the end of his 15 year term. Brown is regarded as a nice, kindly, easy going, soft spoken man of the professional politician type.

Leon Henderson, the likely chairman of the S.E.C., to succeed Douglas is rated as tough, able and fair. A hard New Dealer, who plays his cards on top of the table.

How to Annoy the T.N.E.C.

MEMBERS of the T.N.E.C. are reported to be biting their fingers furiously while contemplating the recent testimony of Dr. Frederick C. Howe before the Commission. Dr. Howe was once the consumers' counsel for the A.A.A. In his effort to prove that the milk business is a monopoly, he said:

Milk could be sold at six to eight cents a quart, the farmer could be paid the same price he is getting today, and the distributor would make a fair profit if it were sold from shops instead of by wagon delivery.

The members of the monopoly commission began to figure out how many milk wagon drivers and horses and garage hands would be thrown out of work and—unless report errs—lost their taste for Dr. Howe in a big way.

The Pay-Check May be Sliced

THE T.N.E.C. asked for \$2,000,000 with which to set up an inquiry which might last for several years but which would result in an honest and factual report on business. It has been sliced to \$600,000 and may not be increased. Reason seems to be that the T.N.E.C. tenaciously refused to play politics.

Jesse Jones is Not Afraid

R.F.C. Chairman Jesse H. Jones is fairly confident that business will be better in the coming year: "Barring war—"

In spite of the drums in Europe the career men in the State Department have not believed in the possibility of war at this time. The frightening noises have been due to "a fault in the European political strata readjusting itself." Like those temblors on the West Coast.

Tariff Bars on State Lines

A REPORT by the Department of Agriculture has called attention to the tariff bars the various states are raising against their neighbors' products. Unconstitutional, of course, but there they are. Practically every one has some justification other than that of internal tariff protection—such as milk inspection and the gasoline tax. If and when Congress gets the 1940 bee out of its hair something may be done about it. No one knows precisely what Congress does not like to interfere with the states.

Herbert Corey

Over \$275,000,000 worth of Proof

that direct mail can help your business



MORE money was invested in direct mail last year, than in any other form of advertising. Over two hundred and seventy-five million dollars! Why?

Because business men know that sales come only as a result of contacts with buyers. And through direct mail they can make contacts—*economically and profitably*.

Concerns operating under limited budgets, use direct mail in as small a way as they choose—building, step-by-step, on a money-making basis. Those advertising on a broader scope use it to supplement all their advertising activities.

Direct mail has certain *proved* advantages no business can afford to overlook. Consider just five of them in the light of your own business:

1. SELECTIVE! You can direct your selling effort to logical buyers, as a whole or by groups, with specific approaches and minimum waste.

2. PERSON-TO-PERSON! You can approach your active, inactive and prospective buyers on a personal basis and in terms of their buying habits.

3. TIMELY! You can capitalize on all events and situations which produce "extra" sales.

4. MAXIMUM ATTENTION! As mail, your message is in a preferred position to receive undivided attention.

5. FLEXIBLE! You can make your messages as brief or complete—as simple or elaborate—as varied in size and form, as you wish.

These are by no means all the advantages of direct mail. But there is a very simple way to learn about others, many of which apply to *your* business.

Talk to the Addressograph Man

He will be glad to show you as many as 49 different ways in which direct mail is being used profitably. He'll show you, too, how easily and economically you can put this powerful medium to work, through *proven* Addressograph methods. You'll find ADDRESSOGRAPH SALES AGENCY listed in principal city phone books. If you prefer, write to us at the address below.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, Ltd., TORONTO • Sales Agencies in Principal Cities



VISIT THE ADDRESSOGRAPH-MULTIGRAPH EXHIBITS AT NEW YORK
WORLD'S FAIR AND GOLDEN GATE INTERNATIONAL EXPOSITION



Keeping Small Town Dollars at Home

By BERNARD C. ARNOLD

OSAGE CITY merchants demonstrate that showmanship will succeed where friendship or appeals to home-town spirit fail as business builders



Merchants advertise consistently in the local paper and tie their window displays in with the newspaper copy

OUT IN rural America where the last bulwark of American independence exists, where the thinkers abide and where America speaks her mind, the vital question is how can the small town merchant continue to exist under present conditions. The problem has become serious to these men and women who are the balance wheel of democracy and, in spite of higher taxes, greater competition, higher wages and shorter hours, some of them are finding the answer.

A town can only be as good as the people in and about desire it to be. It has been the age-old lament that "the old town is going to the dogs"—that every one is going to a neighboring city to buy or is ordering from the mail order houses. It is admitted that "the grass always looks greener beyond the fence," but showmanship coupled with good business methods can keep people buying in the small town.



Nineteen new store fronts have been built in Osage City

It takes more than mere exhortation by the merchant or the newspaper "to trade at home"—it takes up-to-the-minute sales methods coupled with salesmanship and cooperation of all the merchants. Not only that, but it takes improvements not only in the stores but in the city itself to keep pace with the times.

A "good" town of yesteryear beyond a doubt had a town loyalty that does not exist today. The people of today are not the builders of the town. In most instances, they are the descendants of the builders or strangers who have moved in. The builders of anything, whether it be city or house, possess pride and enthusiasm. Now that most of the builders are gone, it is only natural that the people more or less "don't care."

They are the "renters" and few renters take the care and have the interest that the original builders had.

No matter how fine a small city may be, pride will not keep many of the people from going elsewhere to trade even though the same merchandise could be procured in the "home town."

Out in the central west is a city of 2,500 that is attempting to meet the changing times with renewed determination and, although there are times that the merchants almost admit they are licked, they are keeping their heads well above water.

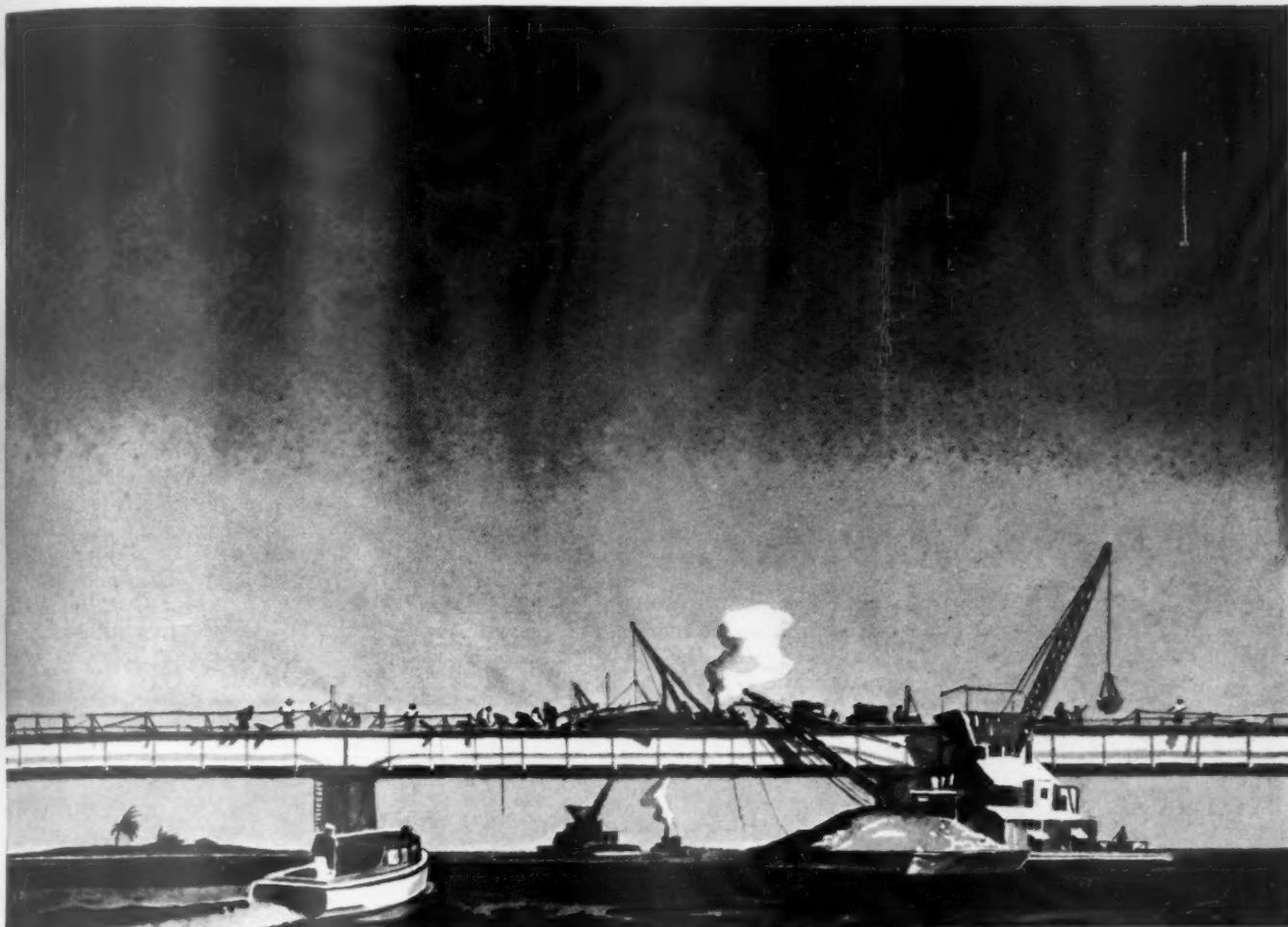
The population shows little decrease, store buildings do not stand vacant, the city itself presents a desirable aspect, and the trade territory has been extended greatly.

A problem of drawing trade

THAT city is Osage City, Kan. Since it is within an hour's drive of the state capital, Topeka; three hours' from Kansas City; and less than an hour's ride from William Allen White's city, Emporia, the merchants obviously have their problems.

To begin with, let it be understood that all the questions have not been answered and all the people are not buying at home, but the general plan that the merchants have adopted through their chamber of commerce and their individual efforts has increased the trade radius to an approximate 25 miles and, for some merchants, even further.

The merchants in Osage City have



Barricading Men and Profits from Hurricanes and Barracuda

On a narrow framework, over waters infested with barracuda, 1000 men built the bridge-and-island highway 26 miles from Florida's tip to Key West. Far from any point of safety, they were menaced by tropical hurricanes that would deal destruction a few hours after the first warning.

200 men were killed building the railroad that preceded this highway. Yet on *this* job (seven of whose nine contractors were insured by American Mutual) not a life was lost.

Why? Because the contractors and American Mutual safety consultants planned in advance how to minimize all conceivable hazards—guards against falling into the water and

speedy rescue methods—truck and motor boat evacuation of workers upon warning of hurricane.

This remarkable job, though unlike any other we have tackled, is truly typical of our safety work. Factory, store or construction project, the safety planning is tailor-fitted to specific needs. Accidents are prevented and insurance rates are frequently reduced.

A second profit for employers is provided by doctors trained in industrial work, often returning valued men to their jobs. Third is the cash dividend that has saved all policy-holders 20% or more of premiums for 51 years.

American Mutual and its affiliates apply the same foresight in the loss prevention services, offer the same or greater dividend opportunity, to firms and individuals whom we can cover with practically all forms of insurance (except life).

Address Dept. X-2, 142 Berkeley Street, Boston, Mass., for a copy of "How Twelve Companies Made \$1,461,939.01".

American Mutual Liability Insurance Company

Home Office: 142 Berkeley Street, Boston, Massachusetts

BRANCHES IN 57 OF THE COUNTRY'S PRINCIPAL CITIES



**get 3 profits with
American Mutual**

adopted showmanship instead of relying on the "trade at home" slogan which went out when town pride diminished. For the most part they have made their places of business as attractive and up-to-date as was possible with their somewhat limited resources. Nineteen new store fronts have been built with liberal use of modern glass and metal. They have insisted in remodeling that display windows be arranged to the best advantage. New lighting of the latest design has been installed. Frequent interior decorating is done.

Air-conditioning is about the only modern installation that has not been made in the stores, but the hotel and theater have that.

Many fixtures for the comfort and convenience of the customers have been installed in these stores, but primarily the thought has been to make the outside more attractive—even perhaps at the expense of the interior.

Enough neon tubing and electric signs have been used to make the streets attractive and give a city atmosphere at night.

Coupled with this showmanship, the merchants have prevailed on their clerks to be as attentive and accommodating as possible—their sales forces are on their toes.

The merchants themselves have tried to please and to be ready to agree that

clerks and, therefore, must train the clerks they have. These merchants have adopted modern sales methods. Snappy and artistic placards are used for window and counter displays. Goods are moved from place to place to determine where attention value is best. Window displays are attractive and changed often. The stores as a whole are kept neat and clean.

Interesting their customers

ONE example of the sort of showmanship employed was the Christmas window unveiling in which almost every business house participated last year. This brought a large crowd to town.

Furthermore, the merchants in Osage City realize that showmanship will fail if stocks are not kept up to date. So they advertise consistently in the local paper and tie in their window and other displays with the ads. In this way, the newspaper first informs the prospective customer of the articles to be sold and the window display jogs his memory.

But keeping a town alive is not a job that can be done in a week or a month. The town must keep constantly at it. Right now, although the business district of Osage City covers seven blocks, parking space has become a problem and plans are being made to build a free parking lot soon.

State Agriculture College. Under this plan, merchants contributed from \$25 to \$50 for a common fund to buy purebred registered Holstein and Ayrshire calves to be placed in the hands of 4-H Club boys and girls to be paid for when the calf came into production. Non-interest-bearing notes were signed and payments are made in monthly installments.

A chick club has been carried on by a local produce firm for the past two years under which chicks are given to boys and girls; this year, 100 chicks went to each of 50 4-H Club members.

Every effort is made to encourage new industries and business to come to town, even though they may be competitive.

The merchants believe that, the more businesses in the city, the greater its drawing power.

Likewise, good roads have been a major project at all times.

The merchants in Osage City have realized that people will not buy in Osage City to any great extent just because it is Osage City. Nor will they buy from a merchant just because they knew his father or because he is their friend.

Men have learned this and have been "hurt" as the truth dawned. They realize now, however, that the small town merchant's job is to show the people that they can buy what they want as reasonably at home as anywhere—and that they must have a friendliness and an accommodating way that will cause them to come back.

Meeting methods of competitors

ANOTHER fact has been driven home. They give the people what they want. If the people want certain goods, the merchant stocks them even though he considers them cheap and shoddy and hates to have them in the store. If the customers want to receive something free along with their purchases just because a store in the big city is doing it, then the local merchant makes plans to give something away even though the customers are really paying for the free article many times. People aren't aware that they are being duped and will object more if they don't get something free than if they don't get full value.

Times change! And towns must change, too. Instead of cussing his friends for buying out of town, the small town merchant must think of ways of getting prospective customers to come in, visit, and wake up to the fact that their home-town merchant has the same merchandise that can be bought elsewhere and for a price so low or maybe less.

That can be effected through showmanship—not mere exhortation to trade at home.



MERCHANTS HAVE LEARNED THAT THEIR JOB IS TO CONVINCE THE PEOPLE THAT THEY CAN BUY AS CHEAPLY AT HOME AS ANYWHERE AND GET WHAT THEY WANT

"the customer is always right." They try to see that the personal attention and friendliness so often lacking in the big cities are given.

At present they are holding a salesmanship school which brings in specialists to explain the various phases of selling.

They realize that, in most instances, they are unable to pay high wages for

Primarily, Osage City is an agriculture community with coal mining second in importance. Realizing that their customers are mostly farmers, the merchants have offered every cooperation through their chamber of commerce to the 4-H Clubs, the Farm Bureau, and all other farm organizations. About a year ago, a calf project was undertaken which is watched closely by the Kansas



W. C. Dickerman

HARRIS & EWING

Leaders in the March of Business



E. J. Leiser

Chas. A. Higgins
and sonJOHN G. HEMMER
Eberhard Faber

Nathan Adams

W.C. DICKERMAN, president of the American Locomotive Company, which will soon deliver a \$2,366,000 order of 15 locomotives for high speed passenger and freight service to the Union Pacific and 11 locomotive tenders to the Chicago Rock Island & Pacific Railway to cost \$150,000 to \$200,000.

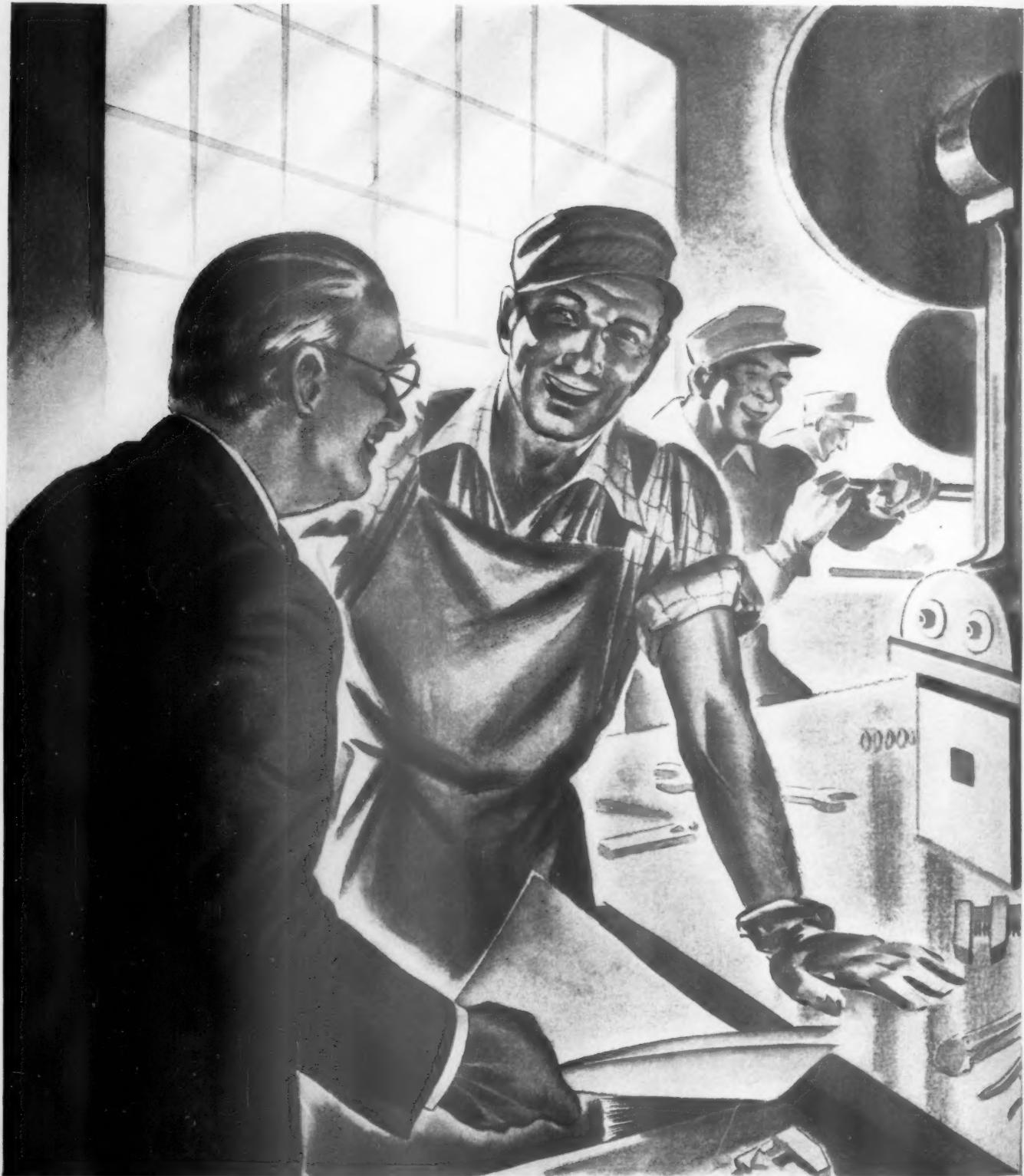
E. J. Leiser will superintend the \$3,000,000 modernizing job of International Harvester's Milwaukee plant preparatory to the manufacture of two new, small size Diesel engines which will be used in tractors. The company's \$11,000,000 modernization program also includes plants in Rock Island and in Chicago.

Charles A. Higgins, who came to the Hercules Powder Company in 1915 as chief chemist of the purchased Union Powder Company and persuaded the company to extend its chemical business, was recently elected president of Hercules. In addition to his specialized work as chemist, Mr. Higgins has served the company as vice president since 1930 and chairman of the finance committee since 1936.

Eberhard Faber, head of the Eberhard Faber Pencil Company, who celebrated his 80th birthday, March 14, 1939, and has served for 60 years as president of the company founded by his father.

Nathan Adams was honored with a three-day celebration in commemoration of his 50 years with the First National Bank of Dallas, which he has served in every capacity from bookkeeper to president. He has played a leading part in the development of the Southwest and his plan to finance the oil industry has been universally adopted by the banks of Texas. He has served as president of the Texas Bankers Ass'n, was an original member of the Federal Home Loan Bank Board, is a former director of the United States Chamber of Commerce.

Does everybody know



THE TRUTH ABOUT YOUR COMPANY'S LABOR POLICY?

SUPPOSE you asked thousands of people all over the country just what they thought of *your* labor policy? How much would they know? Would it be flattering? Or the reverse?

A recent survey concerning 12 well-known companies revealed that the companies credited with good labor policies were ones (as you might guess) that had done a good "public relations" job.

Sales can be helped, or hurt, by what the public thinks of the company behind the product...its policies governing what goes on "behind the scenes."

Even retailers are discovering the

need of public-relations work as valuable and necessary in making friends in the community.

Companies with a variety of articles for sale often combine product advertising with "public-relations advertising," to build up a reputation for *any* product bearing their labels.

And raw material manufacturers, who sell nothing direct to the public, have also discovered that a favorable opinion created by advertising can aid their business.

• • • •

Is your company harnessing product advertising with "public-relations advertising" for more sales?

THE CURTIS PUBLISHING COMPANY

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman

Heard in the Market Place . . .

Trade talk from here and there about this and that

Television—How Soon?

THE LAST word has not been uttered on the immediate future of television. David Sarnoff, head of R.C.A., started the argument not long ago by asserting that television in the home is now "technically feasible." Then, E. F. McDonald, president of Zenith Radio Corporation, had his say. The sale of receiving sets was premature, he declared. Commercial television is "just around the corner for stock salesmen only."



While admitting that television holds "the most fascinating possibilities ever envisioned by an eager public," Mr. McDonald points out that the receiving set of one year ago is already obsolete, that programs cannot yet be transmitted beyond a radius of 30 to 50 miles, and that the cost of transmission is too much at present for advertisers to pay the bill. At the wave lengths now allocated to television, he said, every spark plug in every one of the 25,000,000 American automobiles creates interference in its immediate vicinity. For these reasons and others, he maintained that the public should not be made to pay for experimentation through the sale of receivers or advertising.

In testimony before the Monopoly Investigating Committee, Philo T. Farnsworth, head of the Farnsworth Television Co., insisted that no development is being withheld by the industry and that commercial televising to people in their homes is virtually at hand.

Stanton Griffis of Paramount Pictures told the National Board of Review of Motion Pictures that television programs in New York City would be a commonplace within a few weeks. Starting with the broadcasts at the New York World's Fair opening, he predicted 100,000 receiving sets would be sold in this country in 1939. Retail prices he put at a low of \$100 and a median of \$250.

Finally came the testimony of Maj. Lenox Lohr, president of NBC. He placed commercial television five years ahead. If sponsored television depends on a sale of 1,000,000 sets it may be 50 years, he added.

Out of a Tin Can

THE CANNED Pea Marketing Cooperative has been counting tin cans in the national pantry and finds that Mrs. Consumer has 215 canned edibles to choose from when she goes to market. There are 46 varieties of vegetables, and the number of brands is practically countless. Of soups there are 37, and canned fruits to the number of 33. Then come 27 varieties of sea foods, 23 meats, and tinned specialties from molasses to plum pudding.

Of immediate interest to the Pea Cooperative is a drive to make people eat more peas. Last year's plenitude of peas caused a huge overpack. The citrus people (see this page in the February number) are not alone in having a surplus. So many food surpluses plague the nation that, if all the campaigns to dispose of them are successful, we may well anticipate a general expansion of the national waistline.

Anything for Belgium?

A LETTER from T. Creon, secretary of the American Chamber of Commerce in Belgium, offers the Chamber's assistance to American firms that wish to do business in that country. He says Belgians are interested particularly in the following classes of American-manufactured goods: machines, motors, electrical apparatus, household electrical appliances, tools, artificial leathers, ready-made dresses and other garments, fruit preserves, pharmaceutical specialties, and pure



chemical products for laboratory and pharmaceutical use. Of course, Belgium has goods for sale, as well. Further information may be had by addressing Mr. Creon at 25 Rue du Champ-de-Mars, Brussels.

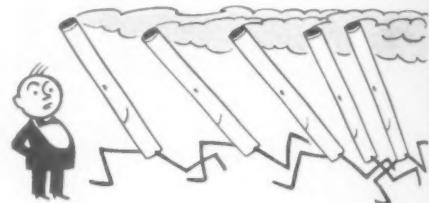
Paper from Straw

PITTSBURGH newspapers will try out newsprint made of wheat straw and selling at \$15 a ton less than the regular wood pulp product. The inventor, Dr. F. W. Hochstetter, achieves the same result with potato or cotton plant stems. In any

case there is a by-product in the form of synthetic cotton. Using cotton stems to produce synthetic cotton may seem to be rather indirect processing, and not very popular in view of the present cotton surplus. But it does again demonstrate the wonders of science. Dr. Hochstetter announces that he also has successfully reclaimed the pulp from used paper.

Leaders

LAST YEAR tobacco (meaning principally cigarettes) was the third most advertised classification in the magazines and fourth in radio. Tobacco manu-



facturers spent approximately \$12,500,000 in these two media alone.

Camels led in sales with 28 per cent of the total. Luckies were second with 24 per cent; Chesterfields third with 22 per cent, while Philip Morris and Old Gold were in fourth and fifth places respectively. Philip Morris made the greatest gain in a year that saw a new all-time high for the cigarette industry. The total production of 163,000,000,000 comes to more than two packages a week for every adult in the country.

Making the Dead Come to Life

THE "JUNIOR SALESMAN" idea in one form or another is not new. Sometimes he is employed to accompany a regular salesman while learning the ropes, again as a free lance developing new business. Seldom is he assigned a regular territory until he has proved himself.

A new function for "juniors" was discovered recently by Grimes-Strassford Stationery Co., Los Angeles. The company's regular downtown salesmen were handed index cards of all inactive prospects in their respective territories and asked to pick out those they thought promising enough to follow up, then turn back the residue to the sales manager. These rejected "dead" names were given to two young junior salesmen. Within two months, reports *Sales Management*, the juniors had turned in orders from one-third of these former customers.

They were supplied with no data on the past record of an account, but barged right in with a fresh story for the buyer. Sales Manager Thomas found that the cub salesmen often made sales simply because they were free from those hazards anticipated by the older men who knew too well what couldn't be done.

—FRED DEARMOND

MAN TO MAN

in the

MONEY MARKETS

By CLIFFORD B. REEVES

Performance of Stocks in 1938

"YOU still hear people talk of 'buying the market,' as though the purchase of any old stock would be a satisfactory investment as long as the general market trend is up," said a broker. "The truth is that the stock market is a highly selective affair, even when there is a strong general trend.

"Nothing could prove this more conclusively than the action of the market in 1938," he continued. "The value of all common stocks listed on the New York Stock Exchange rose 23.7 per cent last year. But, despite this strong upward trend, many individual issues showed losses for the year. Out of 720 actively traded issues, 133, or more than one out of every five, declined in value during 1938. There were 46 issues in which the losses exceeded 20 per cent, and 14 which declined 40 per cent or more.

"Even among the stocks that did advance, there were wide variations in performance. Of the 587 issues that did not show losses, 181 showed either no advance or a price increase that was only 20 per cent or less, as compared with the general market advance of 23.7 per cent. On the other hand, there were 224 issues in which the gains for the year were 40 per cent or more, and 41 issues showed price increases of 100 per cent or more.

"The extremes of performance in 1938," he concluded, "show the importance of selectivity. Buying blindly into a generally rising market at the start of 1938, you might have wound up the year with a loss of more than 60 per cent, or a profit of more than 180 per cent, depending upon what issue you chose."

Bank Profits Decline again

BANKING used to be considered a profitable business. Although the earnings of even the largest banks never com-

pared in size with those of large industrial companies, the business of banking used to show a high rate of return on its capital funds.

In 1938, however, the 757 banks in the New York Federal Reserve District showed an average return of only 2.2 per cent on their capital funds. This compared with a 4.3 per cent in 1937 and 8.9 per cent in 1936. The average annual return on capital funds in the years from 1923 through 1929 was approximately ten per cent.

Record low money rates have had much to do with the decline of bank earnings in recent years. The further decline in 1938, however, was occasioned chiefly by the need for charge-offs on investment holdings, due to the serious decline that occurred in security markets in the first half of 1938.

Service fees are becoming a more important source of bank income, particularly in the case of smaller banks.

Service charges on deposit accounts represented nearly 20 per cent of the total income of those banks in the New York Reserve District whose deposits are less than \$20,000,000.

The "Judicial" Mr. Douglas

THE financial community had been hopeful that some sensible revision of the Securities Laws might result from the recommendations which a Committee representing the nation's securities exchanges submitted to the S.E.C. Financial people were therefore shocked and resentful when Chairman Douglas of the S.E.C. characterized the report as "phoney." When reporters asked whether they might quote him to that effect, the S.E.C. Chairman sardonically spelled the word out for them.

"Mr. Douglas had a perfect right," said one broker, "to disagree with the Committee's recommendations. But he could disagree without being so disagreeable. That's the sort of treat-

ment that makes financial people skeptical of the sincerity of the Government's repeated offers to make friends.

"The recommendations," he continued, "were not gratuitous. Mr. Douglas had agreed to consider them. And they were prepared in all sincerity by a group of gentlemen. Mr. Douglas' comment was not only discourteous, but virtually impugned the honesty of the Committee's motives. Moreover, he confined his comments largely to the recommendations on the manipulative provisions of the Act, and made no mention of many other recommendations that were made. Furthermore, he made his sarcastic comments only 24 hours after the complete report had been submitted to him, before there was any chance for thorough study or discussion.

"Following this display of 'judicial' temperament," the broker concluded, "Mr. Douglas was appointed the following week to the United States Supreme Court, just as Senator Black was appointed to the Court after he proved his judicial temperament by his unwarranted seizure of the personal papers of private citizens."

Pros and Cons of Working Directors

TWO investment bankers were discussing the question of full-time corporation directors, an idea that is now being widely advocated.

"I'm strongly in favor of the full-time, professional director," said the first. "Under our present system, directors don't know enough about the affairs of the companies on whose boards they sit. They are too busy with other matters to give their directorships proper time and attention. And they're not paid enough to make it worth their while. You can't expect an important man to give 25 per cent of his time to your company's affairs in return for a \$20 fee at each monthly meeting of the board.

"Professional directors, on the other hand, would devote a substantial amount of their time to the job. They would gain a thorough knowledge of the details of the business, and hence should be far more valuable to a business than directors are today. Furthermore, they would be paid sizable salaries instead of nominal directors' fees, so that they could afford to give the necessary time to the job.

"Under such a system, a man of real ability as a director could make a business career out of service on four or five boards to whose affairs he would devote his entire time. A new group of truly professional di-



What to do when employees ask for loans

When one of your employees has hard luck and needs a loan, naturally you want to help him. But your directors may hold, with reason, that your company can't finance the emergency needs of all its workers. What advice, then, can you give your men who come to you for funds?

Credit for workers

You can refer them to their local bank, of course. But wage workers can't ordinarily borrow from banks. They must have either collateral which they don't own, or co-makers whom they can't readily get. And they can hardly expect to borrow from friends who need all they make for their own expenses.

To supply credit to wage workers is the job of Household Finance. At Household the responsible family without bank credit can borrow from \$20 to \$300 on a business basis and at reasonable cost. Repayment is made in 10 to 20 small monthly installments. Families can thus finance emergency expenses without sacrifice of living standards.

Learning to stretch their dollars

Household believes that a family should avoid borrowing if it can. In keeping with this belief the company is carrying out a broad educational program to help families of limited incomes to stay out of unnecessary debt. Through this program thousands have learned to organize family finances and to stretch their dollars.

Wouldn't you like to know more about this service and how it solves the problem of employee loans? The coupon below will bring you further information without obligation.

HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago

"Doctor of Family Finances"

one of America's leading family finance organizations, with 241 branches in 153 cities

HOUSEHOLD FINANCE CORPORATION, Dept. NB-5
919 N. Michigan Ave., Chicago, Ill.

Please send me booklets about Household's family money service without obligation.

Name.....

Address.....

City..... State.....

rectors would be developed. Such men would display a high sense of trusteeship, would be independent of the management, and would be in a better position than present-day directors to protect the interests of the stockholders and the public."

"I disagree," replied the second banker. "Professional directors of the kind you propose wouldn't be directors at all. They would merely be additional executives of the company, working every day as part of the management. They would be dominated by the senior officials of a company, just as so-called 'working' boards, entirely made up of employees and executives, are frequently dominated today. Employees who are directors are often afraid to oppose their senior officers, for fear of losing their jobs. Your proposed professional directors would be in the same boat. The present system of electing important 'outside' men was developed expressly to avoid just that sort of thing, by bringing independent viewpoints into a company's affairs.

"An outside man," he continued, "who is not dependent on his directorship for his income can be as independent as he pleases if he doesn't like what's going on. Moreover, he is likely to get some backing, because he is usually representing a definite group of stockholders. Your professional director, on the other hand, with a large income at stake, would certainly think twice before opposing the management viewpoint. And if he did disagree with the management, it would not be difficult for the latter to depose him, because he represents no particular group of stockholders who would fight to support him. On a controversial question, the stockholders in general would be as likely to support the management as to support the dissenting director.

"Remember, too, that present-day directors, because they are men of wide and active business connections, can often bring very profitable business to a company. In fact, that's often why they are chosen. Your professional director, however, not being an active manager of any business, will probably not be able to swing new business to a company.

"I'll admit freely," the banker concluded, "that the present system is by no means perfect, but I don't believe that full-time directors will provide the answer."

Lifting the Taboo on Speculation

SPECULATION has been a ticklish thing to advocate in recent years. Financial men, being realistic, know that speculation, in its essence, is good, and that only

excessive or unintelligent speculation is bad. They know that speculation, particularly in new business ventures, is the driving force of our economic life, without which our entire economy stagnates. They will tell you privately that the only hope for sound recovery lies in the launching of new business activities and enterprises, which necessarily involves the risking of new money—speculation.

Although nearly all financial leaders agree on this vital point, few of them have been willing to defend speculation in their public statements for fear their attitude might be misunderstood by a public that thinks of speculation only in terms of the 1929 excesses. The taboo, however, was recently broken by Dr. W. Randolph Burgess, former Federal Reserve official, now vice chairman of the National City Bank of New York. In a public address, Dr. Burgess stated unequivocally that the country needs speculation if it is to achieve a recovery.

"It was the taking of business risks, speculation if you will, that gave this country its splendid growth," Dr. Burgess said. "It is the absence of risk-taking that accounts for our continued depression."

Social Security Razzle-Dazzle

P A Y M E N T S

made by workers and their employers to the Old Age Reserve Account

and Unemployment Trust Fund have already provided the federal Government with more than \$2,000,000,000 of revenue, and the effect of these new sources of "tax" revenue on the Government's fiscal program are now becoming apparent. The money, of course, has been spent. The Government has "borrowed" the funds and has dropped in the box some I. O. U.'s which can finally be paid off only by taxing the people again. The public pays twice and collects only once. The suave immorality of this whole arrangement has astonished all serious students of the subject.

But, moral or immoral, the flow of Social Security payments, which the Government has "invested" in new federal bonds, has greatly reduced the amount of money that the Treasury has had to borrow. In short, Social Security funds are being used to finance the deficit. This new source of income was undoubtedly what made it possible for the Treasury to omit its usual quarterly borrowing in March.

As payments into these funds increase, the revenue should not only meet all "new money" requirements of the Treasury, but should result in a gradual absorption of federal se-

curities now held by the public. The Old Age Reserve Account alone is expected to reach \$47,000,000,000 by 1980, which is enough to absorb the entire federal debt.

This would effect no retirement of the public debt. It would merely transfer ownership of outstanding obligations.

Instead of using Social Security funds to absorb outstanding bonds, however, there will be a strong temptation in coming years for the Government to run up new and bigger deficits as long as the flow of Social Security funds assures a method of financing them. Knowing politicians, can you imagine the federal Government not finding a way to spend all the funds available to it?

Investors Turn to Local Exchanges

securities is steadily being diverted from the New York Stock Exchange to local exchanges.

Investors are discovering that, because of the extremely high transfer taxes in New York, and particularly because there is a double tax on odd lot transactions in New York, they can effect substantial tax savings by buying New York securities through out-of-town exchanges whenever possible. The local exchanges have been quick to capitalize this advantage by advertising the economies that are possible through use of their facilities; and the diversion of business has now reached such proportions as to constitute a threat, not only to the business of the New York exchange, but to an important source of revenue for New York State.

Approximately 83 per cent of all stock trading in the United States has ordinarily been effected in the State of New York. State transfer taxes on this business have averaged \$26,000,000 annually over the past ten years, and account for more than 11 per cent of the state's total tax revenue. If the diversion of security business from New York continues, New York taxing authorities may find that they have killed the goose that lays the golden egg.

A Committee for the Study of Federal and State Stock Transfer Taxes, headed by former State Senator Seabury C. Mastick of New York, recently focused attention on this whole subject by a report which showed that diversion of security business from New York had accelerated rapidly in 1938, particularly in the odd-lot field where the double transfer tax in New York results in serious discrimination against small investors.

Old demon Dust is all stretched out
Just havin' lots of fun.
These horizontal contacts prone,
Can't shake the dirty bum

They have to cook and try and toast
That is their sordid fate.
Had they been built to work upright
A longer life they'd rate.

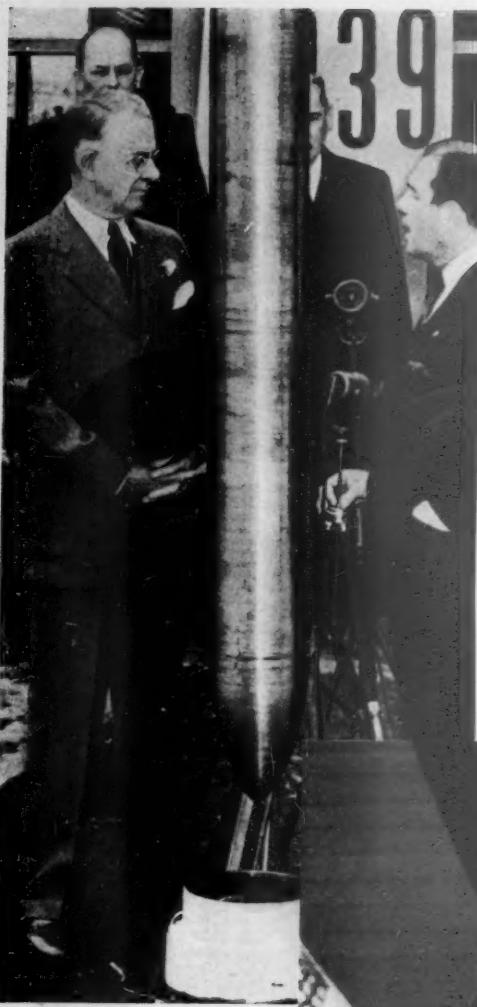


Dirty contacts in Motor Control always make trouble. Dust between contacts causes heating and burning. But anyone knows dust and dirt *can't* collect on VERTICAL surfaces. So VERTICAL contacts *do* stay clean, *do* work better, *do* last longer. Send for your copy of the free booklet "Dust, the Destroyer." CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Avenue, Milwaukee, Wisconsin.



ONLY VERTICAL CONTACTS CAN BE DUST-SAFE!





INTERNATIONAL PHOTO

A. W. Robertson



Frederick W. Nichol

A. W. ROBERTSON, Chairman of the Board
Westinghouse Electric & Manufacturing Company

"One of the first things citizens of the country should concern themselves with is the question of whether or not an individual who receives special benefits from the Government should have a voice in the control of government. In other words, should people on relief have the right to vote? If they lost this right when they went on relief it would be a tremendous incentive to get off relief in order to regain the right of citizenship. At present, a person on relief has little incentive to get off. He is both judge and advocate. As a citizen he decides the case in his own favor. Such a dual capacity is basically inconsistent and harmful to the country as a whole."

LUCIUS BOOMER, President
Hotel Waldorf-Astoria Corporation

"One great trouble in present day 'bargaining' is the constant effort to apportion more than there is. This just can't be done successfully. As a corollary let me say that an enlightened management will be wise enough to pay all that safely can be paid, making the distribution as equitable as the best of fairness and good judgment can make possible. . . . But if the demand for higher and higher wages makes sales prices so high that buying declines, the ultimate result is disadvantageous to all. It is this sort of disparity which has produced the state of confusion and unbalance observable today. It is responsible for much of the existing unemployment. When cost is forced up, buying stops. Decline in buying means unemployment."

Business Men Say . . .



Lucius Boomer with apprentices in Culinary Art Course



Jean C. Witter, James J. Minot, Jr., Francis F. Patton

FREDERICK W. NICHOL, Vice President and General Manager
International Business Machines Corporation

"Few thinking persons will conclude that a continued large export balance in our foreign trade must be regarded as a 'favorable element promoting national prosperity. As a matter of fact, leading authorities on foreign trade in government and business agree that we should work toward bringing imports into closer balance with exports in order to restore international commerce to a condition of healthy and stable growth."

JEAN C. WITTER, Member, Dean Witter & Co., San Francisco
President, Investment Bankers Association of America

"Every time a man gets a job in industry it is made possible because somebody bought eight or nine \$1,000 bonds or stock. . . . We are told that it takes an investment of \$8,600 to equip a single workman. On that basis, the volume of new corporate financing in 1938 may have provided for some 100,000 new jobs."

**"EVER SEEN
YOUR TELEPHONE
SWITCHBOARD ?"**

IT's a fascinating sight — the inside of a telephone central office where your telephone may be connected with the whole Bell System.

Would you like to know more about the telephone and what happens when you make a call?

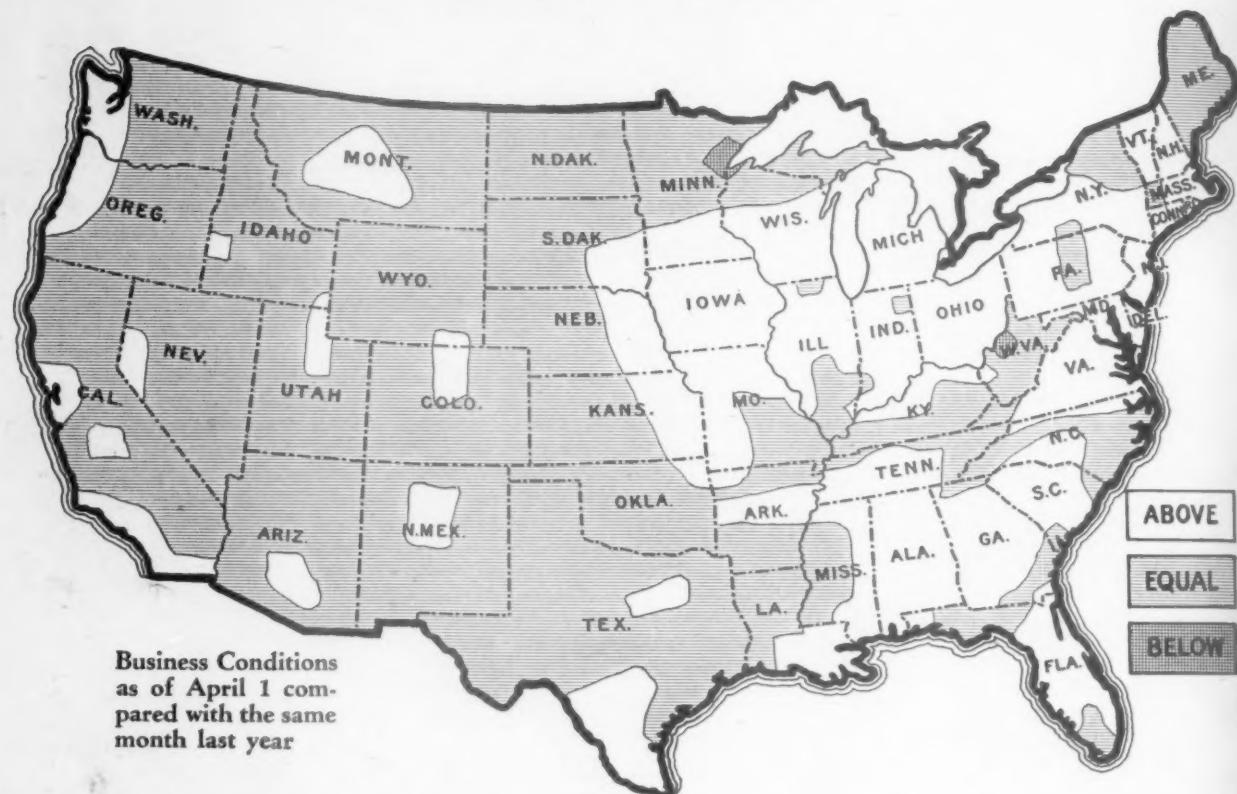
Your Bell Telephone Company will be glad to show you. Visitors are welcome and we believe you will have a most interesting time. Why not call the Business Office and arrange a visit?

BELL TELEPHONE SYSTEM

You are cordially invited to visit the Bell System exhibit at Golden Gate International Exposition, San Francisco

The Map of the Nation's Business

By FRANK GREENE



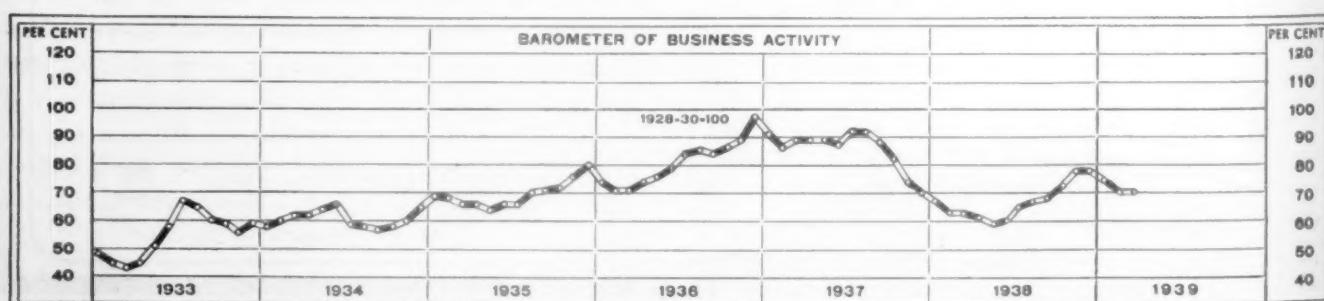
MARCH saw continued hesitancy in industrial activity, accompanied by acute war scares abroad. Securities markets broke sharply to new lows for the year, while commodity prices displayed further weakness.

Automobile output failed to reach expectations due to lagging retail sales. Steel production held steady although new orders declined. Shipbuilding and electrical equipment were bright spots in industry.

Car loadings rose more than seasonally to the year's high, while output of electricity widened in gain over 1938. Residential building continued to lead in the construction field and heavy engineering awards made the best March showing since 1931.

Cautious buying and low inventories were the rule in wholesale trade. Cold and rainy weather retarded Easter buying but retail sales generally increased over last year. Business failures were fewer than in March last year but rose sharply over February. Volume of bank debits and bank clearings continued higher than the previous year.

Improvement over a year ago rather than currently changing business conditions is again reflected in the lightening that appears in this month's Map



Seasonal improvement in some key industries in March served to check the rather abrupt decline recorded in general business activity in the first two months of 1939



MCNAMARA
It is more important for this small business man to make money than it is to make it easy for him to borrow. Small businesses will not be helped if tax payments are used to create more lending agencies



HARRIS & EWING
These employees are leaving the offices of a government loan agency that was set up to meet an emergency in 1932, but every session of Congress since has extended or added to some phase of its activities



EWING GALLOWAY
Lending money should be left in the hands of bankers who have made it their life work. The Government can't be expected to make a profit from loans that banking experience has found to be hazardous



EWING GALLOWAY
Business is a hazardous occupation and the number of men who fail is lamentable. The greater the hazard, the more security is required by bankers. No government loan can make up for lack of good management

The Kind of Relief Wanted by Business

CONGRESS is hearing a lot about the state of small business. My own constituents write about their troubles with variety and vigor. Loans from the federal government is the remedy usually suggested.

I can readily understand the plight of the small business man because I am in the same boat with him. My living has been mainly made from a small business started many years ago. It now employs about a hundred persons. It began with a capital of \$25 occupying half of a small room and using half the time of one office boy. I believe I know the needs of small business.

These needs were sharply brought to

By ROBERT LUCE

the attention of Congress with the depression that reached bottom six years ago. Appeals for help came to us from every direction. After the most sympathetic consideration we decided we could not wisely grant these requests. Through a century and more the country had built up in the banks a money lending system that grew in response to the demand for business credit. It was in the hands of men who made it their life work.

Their profit came from lending wisely. Therein they prospered according to their wisdom. Far the greater part of

them made no unreasonable profit, which would indicate that their gains did not greatly exceed their losses and the cost of doing business. We believed that an agency of the government could do no better, and was likely to do worse.

There had come a period of great business distress. Banks suffered like everybody else. Many of them had to close. From 1929 to 1933 more than 9,000 of them went out of business. But there remained 15,000, which could survive only by lending money. Proponents of measures for government insurance of business loans by banks can defend them only by showing that there are today not enough banks or that they



GIVE YOUR PLANT A FIGHTING CHANCE *Against Fire*

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will not meet the need indicated. If there are not enough banks, the current legislative proposals will not create any privately owned banks. Therefore the proposals will in practice have to be supported by the contention that the existent banks do not meet the demand.

Well, let us see. The complaint of the small business man needing working capital is chiefly that the banks having the money will not lend to him, or will lend only on exorbitant terms. He says that, if not refused outright, he is asked to put up more security than he can afford, or pay excessive interest. The charge itself shows the reason, explains the justification, tells why the government ought not to enter this field.

As with life insurance, the greater the hazard, the more must be collected, or the insurance refused. Business is a hazardous occupation. The number of men who engage in business and do not last is lamentable. Usually the personal factor decides. Generally lack of the management faculty brings failure. Any one of a score of mental or physical disabilities ends the enterprise. It is not the idea, or the ambition, or the purpose that brings failure. It is the man himself.

Furthermore the life of the man is precarious. In small businesses, whether industry or trade, one man is commonly the leader, the saving genius, the very soul. In the small business, no matter whether it be partnership or corporation, let that one man become ill or die, whoever takes over the load of management may be unequal to its demands.

The small business man may or may not be able to meet the changes brought by the passing years. There are changes brought by fashion, by the character of neighborhoods, by inventions, particularly by competition. I have seen 20 or 30 of my competitors go out of the picture, have bought the remnants of half a dozen. There are in our great cities big shops that make much money by selling nothing but bankrupt stocks.

All this, we are told, can be met by requiring what seems on its face to be ample security on loans.

I commend these provisions, but I doubt if with them there will be any loans. The prohibition of more than four per cent interest might attract some borrowers but not enough of them to warrant a new government activity. There should be no more of such activities unless a great need is demonstrated in fields not now covered by private enterprise.

It is time to stop experimenting by government activities. Surely we have had enough of that in the past six years. Whether any, or part, or all, of the experiments aimed at recovery

have been successful, the relapse of a year and a half ago should give pause to the dreamers. We should now give established institutions a chance to see what they can do if left alone.

One specific proposal contemplates that the life of this new experiment shall be limited to two years. Many of the depression experiments that have now lifted the public debt to \$40,000,000,000, and have swollen the administrative army of the government tremendously, were begun with a time limit. We in Congress are at this very moment bombarded with demands to extend these limits for two years, or to remove them altogether.

Viewing this proposal in its broader aspect we find it to be akin to a large group of proposals that through the past six years have been resorted to for the relief of suffering and the restoration of prosperity. They are defended with the argument that it is the province of government to advance the general welfare by aid to parts, to fractions of its people. This is called a paternal form of government. In extreme form it is known as Socialism. It was not the kind of government conceived as best by our fathers.

Self-reliance made us great

THEY believed we should be most prosperous and happiest if every man were allowed to work out his own salvation, provided he did not injure his neighbor. I believe they were right. To my mind the history of a century and a half has proved they were right. Every step we take in the other direction endangers. It may seem to be of itself a harmless step, but it weakens by that much self-reliance. Proclaimed an emergency palliative, it is nevertheless a drug that ends with fatality. Better endure momentary pain as best you can. Be sure that in the end you will be better off.

It is a case of the camel getting his head under the tent. Once organize a new activity with a pay roll and it will fight to live. If business is to be appeased, let these children of depression die. Let no more be born for a while.

What small business needs most is not to borrow money but to be allowed to make money. Its burden of taxes is the chief obstacle. For the business in which I am concerned that burden has been increased five-fold in four years. Yet Congress hesitates to relieve it by so much as a dollar, and the total of appropriations this year will be larger than ever before. They say the profits of business small and large will make it all up when times are better. Before that comes many small businesses will not need to borrow. They will be dead.

Lost: Two Treasury Watchdogs

(Continued from page 17)

that the Administration can see how many red chips it is playing with. They are not permitted to say whether the chips are red or why. Millions of dollars go out each year in operations of which they can only read in the papers. John Taber, member from New York of the House Committee on Appropriations, said:

The thing that bothers me is that almost every single bureau and division of almost every department has come down here with an estimate for an increase over last year.

And we are \$40,000,000,000 behind the eight ball.

The Bureau of the Budget was taken very seriously when it was first established. To make it possible for the Bureau not merely to give the President and Congress the annual budget estimate and the administrative program but to coordinate the routine matters relating to business management and to

Bureau but, although its files were taken over, its activities completely lapsed. Owing to its small staff and meager facilities, says Daniel T. Selko of the Brookings Institute, the Budget Bureau was obliged:

To abandon practically all activity of an investigative nature and give more attention to matters of current business. As a result of this emphasis on its managerial activities the Budget Bureau has become increasingly dependent for the information it requires on others than members of its own staff.

Mr. Selko makes the further comment:

In preparing the budgetary estimates, the Director of the Budget depends on budget officers attached to the departments and independent establishments. Since each of these budget officers represents the interest of an administrative agency which ordinarily has a program to be advanced and a clientele to be served it is his business to get as much money as possible for his establishment.

ness with which he had ever been connected:

We have yet, so far as I can recall, to find a department or a bureau of a department which showed the slightest interest in operating its activities at a lower cost or more economically or to use what common, ordinary business management uses to save money.

Vague plans for efficiency

YET that is one and not the least important function of the Bureau of the Budget as it was planned in 1921. Mr. O'Neal wanted to know if Mr. Bell contemplated any plan by which the Budget Bureau could go into the government offices and see whether their production is sufficient and their management efficient and tending toward real economy:

"That is what I hope will be accomplished," said Mr. Bell.

He said that he hoped to go into departments and study their organizations and operations and try to promote efficiency.

I feel this should have been done a good many years ago.

No admission could have been more candid. But Mr. Bell was in a delicate position. When Lewis Douglas resigned as Director of the Budget, because he felt that the Bureau had been rendered powerless not only to effect economies but even to point out ways in which economies could be effected, President Roosevelt did not replace him. Instead he directed Bell, who was a subordinate official in the Treasury, to serve as Acting Director. There seems no doubt that Bell could have had the chief position if he had wished, but he preferred to hold his civil service status in the Treasury. Secretary Morgenthau made him Special Assistant to the Treasurer, and Bell carried on with his two jobs, being Acting Director for part of each day and Special Assistant for the other part.

But each of his jobs had to do with the budget. He was never detached from it. The fact that he had two jobs merely meant that Special Assistant Bell outranked Acting Director Bell. Special Assistant Bell of course obeyed the directions of Secretary Morgenthau. Secretary Morgenthau has never disguised the fact that he obeys the directions of the President. His most embarrassing moment, perhaps, was the historic occasion when, in collaboration with the President, he worked up a speech in which he demanded economy and a balanced budget.

Then the President changed his mind and Mr. Morgenthau was obliged to change his mind also. As acting director, Mr. Bell made it clear that there is never any conflict with the President on budgetary matters. The Bureau gives the President, when called on, all the information it has been able to gather under the handicap previously recited. But:

The Bureau acts only as an agent of



A highly publicized gamble was Passamaquoddy. There was little opportunity to check the chances of financial recovery

preview all contemplated legislation and departmental actions, 12 specialized coordinating committees were named. The Bureau had also the aid of the Bureau of Efficiency. Under the chieftainship of Herbert D. Brown it had become the Government's least-loved activity. This is the most striking testimony to its competence.

In 1933, 11 of the 12 coordinating committees were dissolved by executive order and the Bureau of Efficiency was killed by Congress. The stated intent was to transfer its functions to the Budget

It is hardly to be expected that he will volunteer information which is inimical to his own best interests.

Handicapped in this way, the Budget Bureau can hardly do all it might do as a watchdog. About all that it is able to find out about the departments and agencies is that they want more money than they had the year before. Kentuckian Emmet O'Neal of the House Committee on Appropriations observed to Mr. Bell that he was amazed to discover how differently the business of the Government is conducted from that of any other busi-

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the President. When the President acts himself we are out of the picture.

He was asked by Clarence J. McLeod, Appropriations Committeeman from Michigan, if bills which should have been reviewed by the Budget Bureau had not been:

Drafted and prepared in a camp of scientific experts of the Administration, so-called professors and what-not, who have certain sorts of training, and been injected into Congress without proper review even by the committees in the past.

Mr. Bell deferentially dodged the characterizations of Mr. McLeod's "so-called experts." But in the end he said:

I want to make it plain that, if the President approved the program, it might not come to the Bureau of the Budget.

The situation seems to be, then, that, instead of being the independent organization it was intended to be, in a position to give comprehensive and unbiased information both to the Executive and to Congress, and reasonably well protected against reprisals from either, the Budget Bureau through Mr. Bell's dual relationship is in fact an adjunct of the Treasury. For convenience sake it is lodged in the Treasury building. It has been unable to get the information it should have for the guidance of the President and Congress because it has lacked the trained investigators needed and has been compelled to rely at least in part on the *ex parte* statements of the hungry departments and activities.

It is submitted that this watchdog does not bite. So far as I have been able to discover it does not even bark.

Examinations are incomplete

IT IS true that the Bureau reviews the administrative costs of every branch of the Government. The review is necessarily based on information provided by the various branches. That it is incomplete and unsatisfactory to the trained and competent men in the Bureau is demonstrated by the fact that Acting Director Bell hoped to establish investigative units which will get the facts. It has been completely unable to carry out the primary objective, which is to examine into all the activities in the field. If it were equipped and permitted to make such examinations it would be able, in the words of Dr. Selko, to provide a basis:

For the control of the rate of expenditures, promotion of administrative efficiency and economy, evaluation of administrative results, selection of activities for intensive investigation, and coordination of activities where coordination appears desirable or necessary.

The situation became so distressful to Mr. Bell—or so it was reported—that he asked to be relieved of his responsibilities as Acting Director. At the suggestion of Attorney General Murphy, Harold D. Smith of Lansing, Mich., was appointed. Mr. Smith has a record of efficiency in budgeting Michigan's finances. He took office on April 15.

The other watchdog does not bite very much, either, or bark very loud at the second corner of the triangle.

Congress created the General Accounting Office in 1921 to protect the Government from administrative misuse of funds. The Treasury had been conducting its own audits, of course, but it was held that something was wrong with a system which permitted a spending agency to O.K. its own spending. Therefore the G.A.O. is completely divorced from the administrative branch and is in theory accountable only to Congress. As a protective measure it was provided that the Comptroller General should be appointed for a term of 15 years, should not be subject to reappointment, and might not be removed except by concurrent resolution of both Houses of Congress. An elaborate system of checks and counter-checks was set up, by means of which the operations of all disbursing officers might be reviewed. They are personally responsible for all funds credited to them until the G.A.O. has cleared their accounts.

There are more than 800,000 persons in Government employ and 700,000 of them are in the field. For the sake of convenience transactions are handled locally when possible, but the documents in each case must be passed on by the G.A.O. Last year 120,000,000 government checks were passed, of which the smallest was for two cents. Of these, 16,298 were subject to claims because of irregularities. In such cases the Secret Service is often called in to investigate. There are, by the way, obligations of foreign governments in the Treasury vaults totalling \$13,702,375,334, but the S.S. has not been called on to take up this matter. The mass of documents which must be examined in the course of a year is so huge that some delay necessarily takes place before payments are O.K.'d, but it does not appear to the outsider that the lost motion is great enough to make a song about. But the G.A.O. and the Treasury have been in constant and bitter conflict.

This has its origin in plain human nature. The career employees of both organizations resent the interference of the other. They are doing their jobs as well as they know how—and they know how. The Treasury thinks it is impertinence when the G.A.O. challenges its audits. The G.A.O. complains of the Treasury's occasional refusal to cooperate. This friction is not important. If the auditor and the spender were on too good terms the taxpayer might begin to worry. Niggling little stories get around. A State Department man took his mother with him on a mission in Europe, but scrupulously reported that she paid her share of the expenses out of her own pocket. On one occasion his expense bill was held up:

"Your mother did not pay her share of the cab fare from the hotel to the station. This amounts to 33 cents."

"Mama," replied the indignant diplomat, "walked all the way and carried her own bags."

It does not appear that the rest of us need worry over the perennial dispute over the pre-audit, either. Ninety per cent of the checks that go to the G.A.O. are for routine payments and the documents involved need only be examined for accuracy and underlying authority. In perhaps ten per cent of the cases the

Treasury submits the claims to the G.A.O. for an advance decision as to whether it has the right under the law to make the payments. This is revolting to the treasury, because it has a competent legal division of its own, but it is difficult to see how the purpose of the law could be carried out if these advance decisions were not rendered. Not much time is lost, in any case. At the G.A.O. the statement was made that such pre-audits are handled on a 24 hour basis.

But the G.A.O. admits that as a watchdog it is muzzled.

It has a division of investigators in the field, but it maintains that there are not enough of them.

There are hundreds of cases in our files that have not been reported on. We have not enough men to get around.

It lacks authority.

In one case there has been an apparent shortage for years. If we had our way no more funds would be advanced until this is cleaned up. We have not been able to get our way.

The G.A.O. knows, say its men, of disbursing officers who are short:

We are helpless.

It has discovered switch-backs of funds between various departments and activities. The G.A.O.'s figures on the cost of the Resettlement Administration ran 17 per cent higher than the A.A.A. admitted. Nothing could be done. The G.A.O. found at one time that there were supplies valued at \$2,000,000,000 on hand in the various departments. Enough for seven years' operations. Two billion dollars is a good deal of money. But when the cool days of autumn came, the departments bought supplies for another year. Some of the paper on the warehouse shelves has turned sere and brown. The lead in the pencils has decayed.

"The General Accounting Office," its spokesmen say, "will never be what it should be as long as some agencies of the Government are exempt."

All departments and agencies make some sort of a report to Congress, of course. But the G.A.O. thinks that, under the Budget and Accounting Act of 1921 by which it was set up as a check on all spending agencies, it should have authority to discover precisely what those reports are based on. There is, for instance, the U. S. Spruce Production Corporation, which dates back to the World War. The \$100,000 stock issued is owned by the United States Government. But the G.A.O. has not been able to find out anything else.

Not a word about its status.

Just to make it good the stock is not to be found in the Treasury. The Panama Railroad Company refuses to submit to an audit. It reports that its net worth is \$45,299,834. That is all the Accounting Office knows about it. The Inland Waterways Corporation says that its net worth is \$24,671,038, but it will not permit an audit. The Reconstruction Finance Corporation has handled millions of dollars. The statement in its report that its net worth is now \$691,279,687 is undoubtedly the truth. But the G.A.O. does not believe the Act of 1921 proposes to make fish of one government activity and fowl of another.

You Bet I'm a Member of the "Not-Over-50" Club



1. It looked like good business the way Lumbermens worked to cut down automobile accidents and reduce insurance costs. That and the swell service I get from our local agent is why I'm a policyholder. So when Lumbermens started the "Not-Over-50" Club you bet I joined.



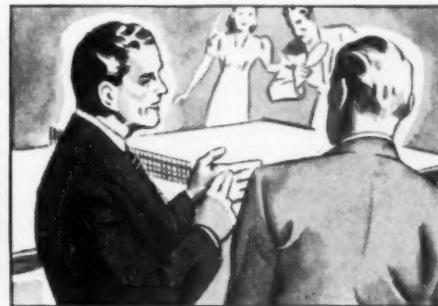
2. "Sounds like a good idea," said Jim. "This world would be a lot safer to drive in if more people were members." "Yes," said I, "and that's not all. That 'Not-Over-50' Club is saving me money on my automobile insurance."



3. Later I ran into Jim at a party. "Say," he asked "what did you mean about the 'Not-Over-50' Club saving you money on your insurance?" "Didn't you know that the Lumbermens Mutual sponsors the 'Not-Over-50' Club?" I asked him. "And that Lumbermens pioneered in preventing automobile accidents."



4. "Besides this," I went on, "Lumbermens insures only careful drivers. This means that their policyholders are involved in fewer accidents and that Lumbermens pays out less in claims. Remember Lumbermens is the leading automobile casualty insurance Company."



5. "I get it," said Jim, "because Lumbermens is a mutual company, the savings come back to the policyholders as dividends. Do you know," Jim added, "I like this mutual idea. I'm for Lumbermens Mutual the next time my policy comes up for renewal."

LUMBERMENS losses and expenses are 15% to 25% less than those of the average non-mutual company. These savings come back to over 300,000 policyholders as cash dividends. If you are a careful driver, take advantage of this opportunity to save on your insurance. Write Department NB-2 for the free booklet, "How Careful Driving May Pay You a Dollars and Cents Return," or see your local Lumbermens representative.

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to be done. These foes still challenge us: dirt, smoke, waste, water pollution, the common cold, cancer, diabetes, arthritis, arteriosclerosis. Slums still exist.

More consideration must be given to healthful working conditions. Industrial accidents must be prevented.



one-family dwellings, 2 per cent are unfit for use; 15 per cent need major repairs; 45 per cent need minor repairs.

There are 9,400,000 urban and rural homes without electricity; 82 per cent of our farms are not electrified.

Only 80 per cent of the city dwellings have hot and cold running water; 20 per cent have no bath tubs; 90 per cent of our farms lack bath rooms.



\$1,300. We will continue to increase purchasing power.

65 per cent of our machine tools are obsolete. Industry is 20 per cent under-electrified. To modernize power plant equipment \$4,400,000,000 would have to be spent.

More efficient machines and methods will increase opportunities for cultural and recreational pursuits.



Several factory employees depend upon the efforts of each salesman to keep them at work.

The amount sold by the average salesman is no more than that of 30 years ago but the cost per dollar of sales is much higher. This must be corrected.

Natural population growth will create enlarged markets.

We must do more along the lines of vocational education and adaptation.

THE UNFINISHED BUSINESS which lies before us in the United States offers unparalleled opportunities.

The next one hundred and fifty years are going to see greater progress in the advance of civilization than has been recorded in the past 5000 years of the world's history.

Thought, vision and the ability to recognize and fill needs, will lead to important achievements and commensurate rewards for those who will make them possible.

There still are, as there always have been and always will be, frontiers to conquer.

These opportunities will materialize through the full cooperation of government, business, labor, finance, science, and education, all applying the Golden

NATURAL RESOURCES



We must do all in our power to conserve and develop our natural resources.

We must grow millions of trees to replace those that have been removed. Our forests are also important factors in the prevention of soil erosion.

Only 38 per cent of the water power of the United States is developed.



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Our banks and banking institutions have contributed greatly to

the building of this country. Pioneer money is needed.

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President

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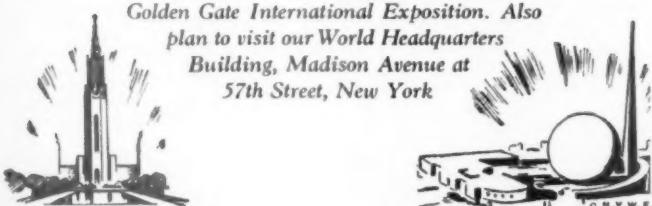
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The farmer will become more and more of a partner with industry in supplying materials for production use.

Yet there are about 56,000,000 acres of idle farm land.

Opportunities exist for the development of our home consumption and for the improvement of our foreign markets.

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Modern transportation has made one neighborhood of our country. But there are transportation problems that require solution.

The railroads must be put on a paying basis. More than 200,000 grade crossings must be eliminated.

We have 2,052,063 miles of non-surfaced highways. Safe super-highways, scientific traffic engineering, proper highway illumination are urgent needs.

We require hundreds of additional airports and emergency landing fields. Our merchant marine must be increased.



The greatest literature has not yet been written; the finest painting has not yet been painted; the finest symphony has not yet been composed.

Religion is one of the bulwarks of culture and civilization that will stand fast.



We must explore new fields to create better living conditions, to develop new industries that will increase employment, to eliminate drudgery, to increase compensation, and to bring about safer and more healthful working conditions. Undreamed of discoveries remain.

SCIENCE and RESEARCH



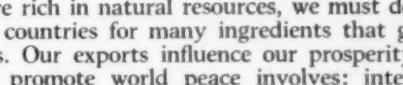
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Although we are rich in natural resources, we must depend upon other countries for many ingredients that go into our products. Our exports influence our prosperity.

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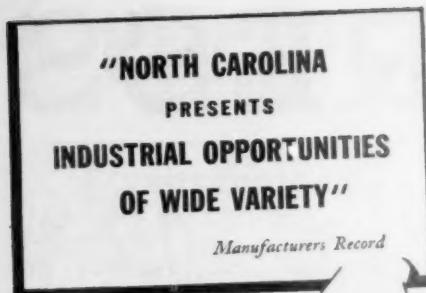
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The R.F.C. Mortgage Company's net worth is \$25,308,936, but the G.A.O. has not audited it. Nor has there been an audit of the Federal National Mortgage Association's reported net worth of \$11,065,950, or the H.O.L.C.'s \$172,003,055 or the Federal Savings and Loan Insurance corporation's \$110,744,072, or the Virgin Islands Company's net worth of \$707,734, mostly in rum, or the equity of the United States in the \$129,284,929 of the Federal Home Loan Bank corporations.

"Many checks," I was told, "are paid by the Treasurer without the endorsement of the payee or with improper endorsements. The situation gives great cause for alarm."

In 1938 the G.A.O. collected debts due the United States to the sum of \$3,882,832. But it was admittedly muzzled. When John R. McCarl, the first Comptroller General, retired at the end of his 15-year term, Assistant Richard N. Elliott succeeded as Acting Comptroller General. Elliott is a Republican, unterrified, but he has not cared to strike out in an aggressive way. He has no hesitation in saying that it is fundamentally unsound to exempt public transactions from the G.A.O.'s audit or to permit public officials to evade the mandate to give a full accounting. But the G.A.O. is powerless. It can tell the Bureau of the Budget and the Treasury and the departments and corporations and agencies to install a uniform accounting system—which it has done—but, if they will not, the G.A.O. can do nothing about it. Elliott thinks that some day legislation may be enacted which will make a complete accounting by all government agencies mandatory. That necessarily includes a complete inquiry in the field into the nature and quality of work be-

ing done. Until that is enacted there is nothing to be done about it.

Mr. Elliott was succeeded by Fred H. Brown of New Hampshire in April of 1939. Mr. Brown is a lawyer, was once governor of his state, and was elected to the U. S. Senate when he defeated George H. Moses in the 1932 overturn. He has served in various public capacities and is regarded as competent and kindly. No one has suggested that he has the taste for raw bureaucratic meat that John R. McCarl used to have.

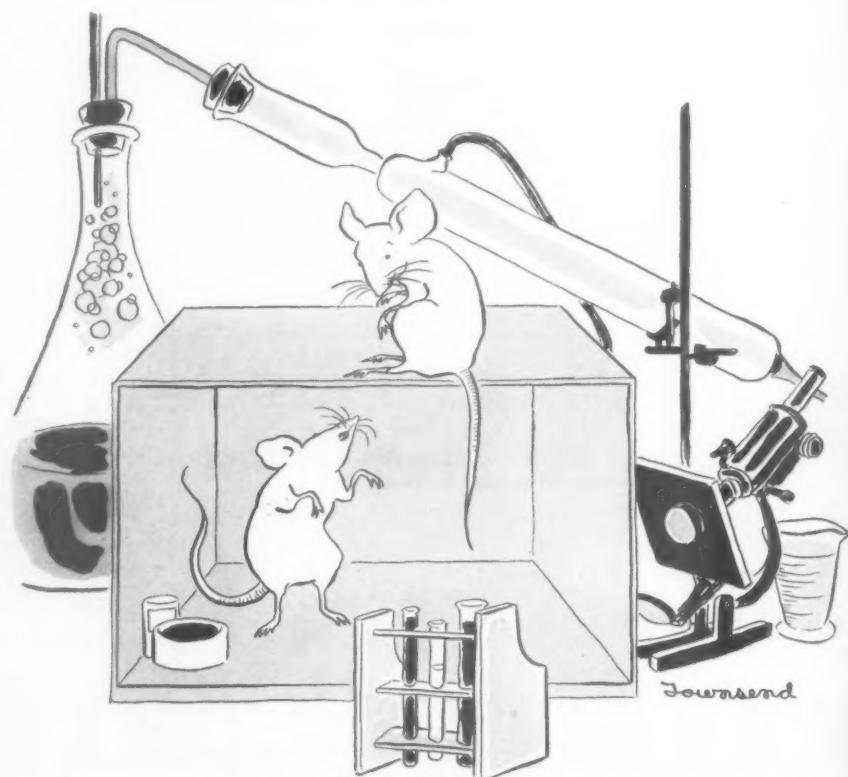
I put this question to a Treasury official:

Would it be possible to present every month, or every ten days if that seemed desirable, a complete statement of the nation's financial position?

It seemed to me that the kind of a financial statement we get nowadays is not a picture. If a private corporation offered such a statement to the S.E.C. the screams of that governmental agency could be heard in Manassas, Va. The ideal statement, worked out with good will by the Treasury, the Budget Bureau, and the G.A.O. should be intelligible even to persons to whom the monthly bank statement is a dark mystery. It should show the nation's cash on hand, its bills payable and receivable, the contractual obligations and the anticipated revenue, the net worth of the 20-odd government corporations, the chances of recovery on government gambles, and the profits and losses of the Federal corporations.

"Sure," said he. "That could be done without much difficulty. It would be a good thing to do."

But it is not being done. And the two watchdogs of the Treasury are loose. Not lost, perhaps. Just loose.



"Did I ever tell you about my operation?"

A United Front of Employers

By JOHN FARNHAM

PROBABLY no group of businessmen in America has been more abused and battered by militant labor than have those who employ shoreside workers along the Pacific waterfront. Ever since the general strike in 1934, Harry Bridges, who controls West Coast longshoremen, has waged what has amounted to a continuous class war against any one with the temerity to engage in private enterprise along the waterfront. Indeed, it has seemed sometimes that the waterfront was little better than a conquered province held by, and forced to support, an invading army.

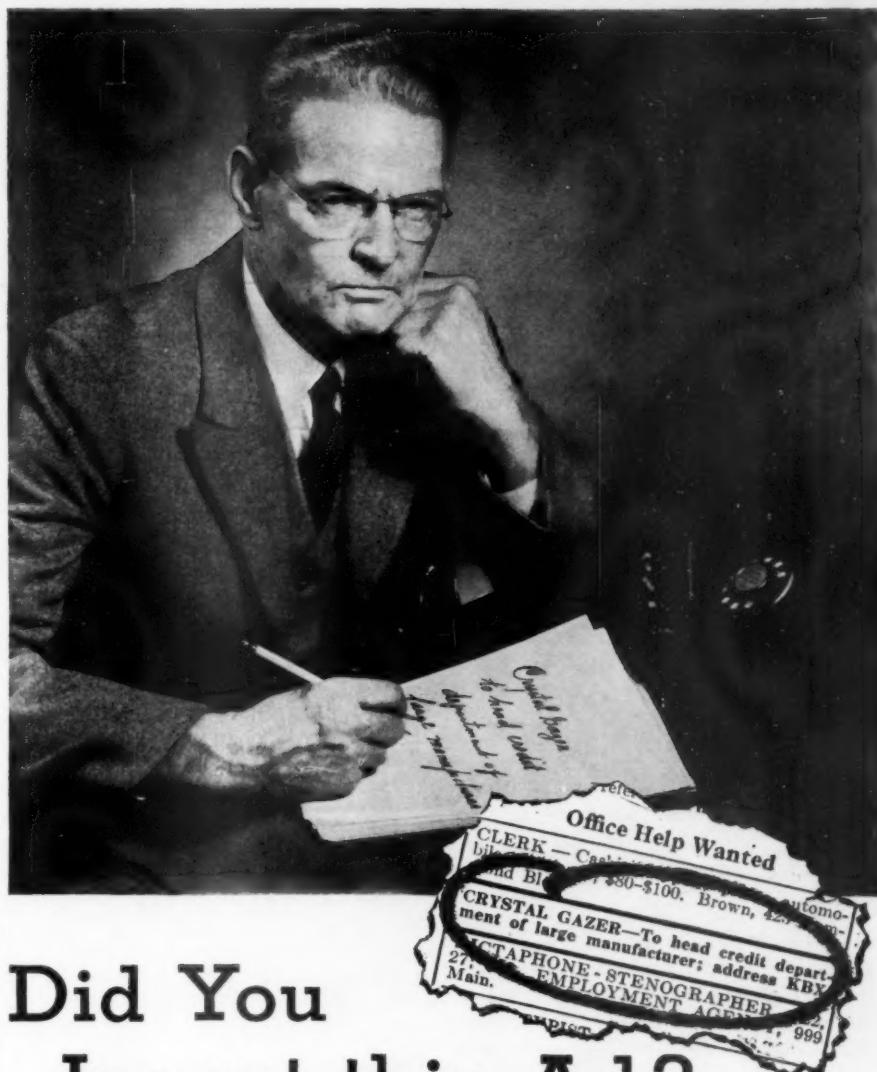
But just as the presence of a conqueror often strengthens the will to freedom of the conquered in a military sense, so the exactions of unions along the waterfront has led to a solidly united employer front.

This movement toward unity began several years ago, but its full effects are just beginning to become apparent through the expanding activities of the Waterfront Employers' Association. This organization is fast becoming an effective "front office" for the employers of longshoremen. It has already saved the employers money and has strengthened their hands in dealing with the unions. As this success becomes more fully realized, it may serve as a pattern for similar organizations in other industries, especially those which employ casual or day-to-day labor.

Too many employees

IN THE case of longshore labor, for example, the shipping or stevedoring company with a cargo to move calls the longshoremen's union hiring hall and orders the number of men it needs. The hiring hall sends the men it chooses on the ground that jobs must be rotated and thus the employer must take what is sent him. In practice this often means that a company, hiring, say, 100 longshoremen a day, will have 500 names on its pay roll at the end of a week and may have employed as many as 6,000 different men in a three-month period.

What this system means in the way of accounting problems is obvious. A part of the pay roll detail can be eliminated by paying in cash on a daily basis. But that does not eliminate the problem of social security records. These must be kept individually. This may mean 20, 30 or even 40 duplications of social security account records.



Did You Insert this Ad?

Or did you engage your credit manager as a practical, hard-headed business man to deal with the "dollar facts" of granting credit and collecting accounts? You certainly do not expect him to deal with the unknown, *unknowable* future.

No executive rightfully holds his credit manager accountable for what *may* happen to debtors after goods are shipped and before they are paid for. Instead, he covers that dangerous interim with

American Credit Insurance

"American" provides a fund on which you draw promptly when debtors default through insolvency or delinquency, or reorganize under the "Chandler Act."

Thousands of Manufacturers and Jobbers in widely different fields, and with widely different problems find American Credit Insurance the surest, *most economical* means of safeguarding capital, keeping it liquid, protecting profits, and strengthening their own "line of credit" with their bankers.

Ask any "American" representative to show you which form of policy will best protect your interests.

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AMERICAN CREDIT INDEMNITY CO.
of New York J. F. McFadden, President
Chamber of Commerce Building St. Louis, Mo.
Offices in all principal cities of United States and Canada

MORAL TALE of the Simple Yegg

ONCE an innocent yeggman, who was ambitious to get ahead, heard that the Geevus Co. had loaded up \$1,000 in postage in a Postage Meter in its office.

He cased the joint and found that the Postage Meter was right out in the open, on an office table.

It looked like a pipe. The Meter could be lifted as easily as a banana on an open fruit stand. No holes to drill. No soup to carry. No work. No noise. No cops.

So that night he pried open a window and lifted the Geevus Co.'s Postage Meter right out of the office.



SURE enough! The dial on the Meter read \$1,026.59! He took his best cold chisel and cracked the Meter!

What a gyp! No stamps. No dough. Nothing inside but a lot of toothed cogs. And the damaged Meter was so much junk.

So he went to a not very ethical junkman with the broken Meter. The junkman's eyebrows went up, and he whistled.

"Cripes, buddy! That's hot. Them postoffice dicks would swarm all over the place if they ever saw that thing. Beat it!"

The disillusioned yeggman dropped the damaged Meter near the Geevus Co.'s door. But his fellow yeggs heard about it, and laffed so hard that he gave up the profession, and became an honest window washer.



WHAT about the Geevus Co.? Well, they didn't lose anything, either. When



they found their Postage Meter so mysteriously damaged, they took it, with their mailing records, up to the postoffice and told the story.

So the Postmaster said: "Okay. Sign here"—and transferred the unused postage into the new Meter that the Postage Meter Co. had ready . . . Of course, this instance is wholly hypothetical, but—

MORAL: Only a Simple Yegg can go wrong with a Postage Meter! But a Postage Meter can go a long way with a Smart Apple!



WHEN you are using a Pitney-Bowes Postage Meter, you don't buy stamps, tear apart stamps, count stamps, stick stamps, guard stamps, lose stamps, or worry about stamps—because you don't need stamps!

The Postage Meter prints your postage as you need it, in any denomination you need; and a dated postmark, and advertising slogan on the envelope as well, tells how much postage has been used, is on hand. And guards your postage all the time.

Metered Mail skips facing, cancelling and postmarking in the postoffice, gets on its way sooner.

And by this time, if you are a S.A. and haven't a Postage Meter, you will phone, wire or write the nearest Postage Meter Co. office that you want a demonstration of the Postage Meter quick! There is a Postage Meter model for every business, large or small. Investigate!



THE POSTAGE METER CO.

1316 Pacific Street, Stamford, Conn.

PITNEY TRADE METERED MAIL BOWES

Branches in principal cities
Consult your telephone directory

A way had to be found to escape such a maze and the Waterfront Employers' Association found it by consolidating these records. To do this, it had its membership send in duplicate pay rolls. These were broken down and posted to the accounts of the individual longshoremen. Primarily this was merely a statistical service, the individual employer still handled his own pay roll and his own social security payments.

But from this beginning the Association proceeded naturally to the next step and is now moving to take over the entire pay roll problem from its members. Thus, instead of making up his own pay roll, the individual employer sends his time sheet to the Association's accounting office. Here the pay is computed and posted to the individual longshoreman. At the end of a week, then, although the longshoreman may have worked for from one to six different employers, all his earnings have been drawn into a single account at the Association office. Thus, in effect, he is on only one pay roll account, gets only one pay check, the voucher of which shows him where his earnings came from.

Earnings are now known

BUT, valuable as this elimination of wasted effort is, the keeping of these central records has other advantages. For instance, so long as each employer kept his own pay roll statistics, no one knew how much a longshoreman earned in a year. The general impression given out by longshore union leaders was that it was very little. The employers doubted this, but could not say it was false. But now the Association, through centralizing the pay roll, has established irrefutably what the earnings of each longshoreman is. It now appears that there has been little privation. The average longshoreman's annual earnings average more than \$2,000. Some of them earn up to \$4,000.

Information of this sort ought to be of considerable value in the case of future labor disputes. Because now, in case of wage discussions, the employers know exactly what they are paying the men. There is also a humorous angle to all this, because the income tax is beginning to come home to longshore labor. No longshoreman ever used to pay an income tax. Under the central system, it is beginning to find out about this and, as a result, tax collections are going up. One wonders how the public will react to this when, and if, the next longshoremen's strike comes along. It may be a little hard to arouse public sympathy for an income tax payer on strike for a "decent" wage.

MEMO...

for Busy Readers

**A New Job
For Foremen**

IMPORTANCE of foremen as first line interpreters of the Wagner Act and the

minds of its administrators is substantially defined and documented by Russell L. Greenman in a timely manual titled "The Worker, the Foreman, and the Wagner Act," (Harper & Brothers, New York, 1939, \$1.50). Severity of the penalties imposed by authority of the Act provides its own eloquent invitation to careful reading of the book. Scores of specific examples of actions by plant supervisors which have been held to involve "unfair labor practices" are cited. With equal diligence the author has unearthed typical cases in which plant supervisors have been exonerated of charges of violating the Act.

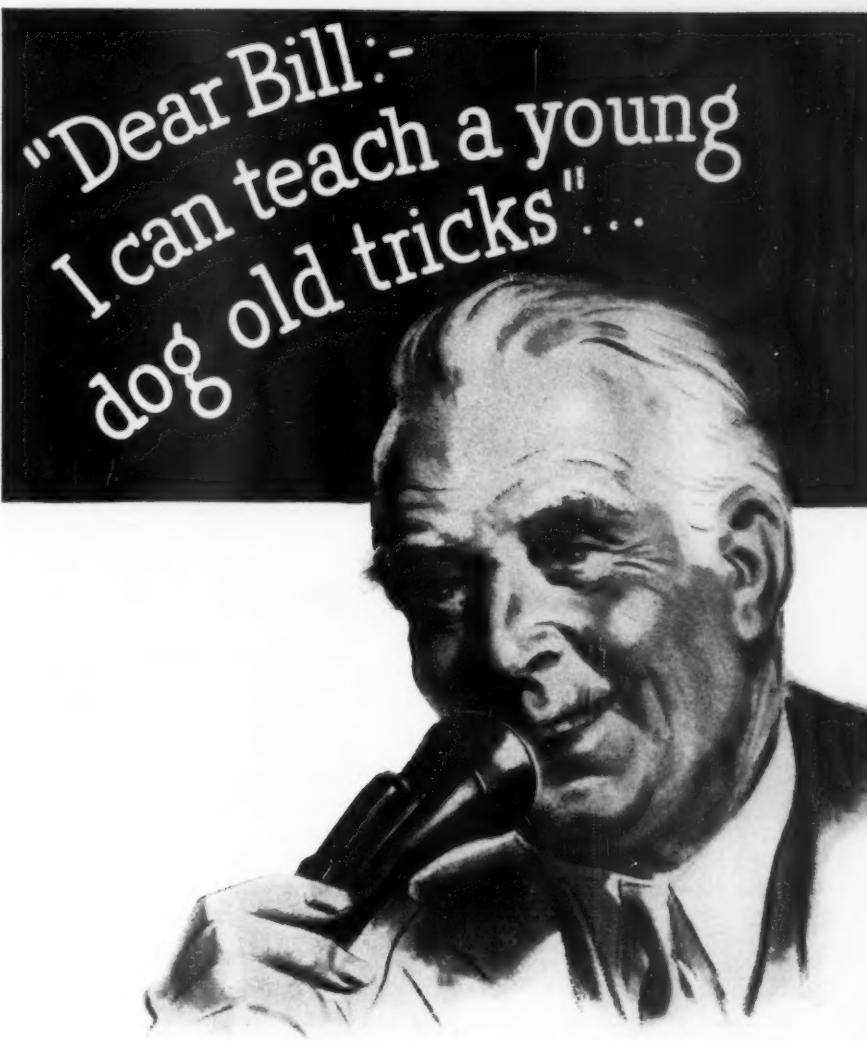
Headliners in Labor Board cases, the author discloses, usually are top executives. But it turns out that the real culprits—or innocent victims—most frequently are the foremen. The author makes it clear that it is their day-to-day decisions in hiring, firing, and transferring union workmen that give rise to most of the cases that the Labor Board has to decide.

Whether one likes the Wagner Act or not, the fact is that as long as it is on the statute books compliance constitutes a problem at once perplexing and persistent. How difficult the job must be is graphically indicated through cases selected by the author from the published decisions of the Board and interpreted in the light of his own long experience as a consultant in labor relations.

**Scratching For
New Tax Money** DEPLETED municipal revenues have put city administrators to lively scratching for new sources of public income. Specimens of their ingenuities include New York City's cigarette, occupancy and gross income taxes, the short-lived Philadelphia gross income tax, Chicago's handbook tax which the courts invalidated, and chain store taxes in seven cities, including Savannah and Augusta, Ga. New York City also reenacted a two per cent emergency retail sales tax.

New municipal cigarette taxes, other than dealers' license taxes, were enacted last year not only in New York City—where a one-cent tax was expected to produce \$10,000,000 annually—but in Kansas City, Mo., and in several Florida cities. New Orleans passed a one-cent sales tax to replace a former two per cent luxury tax.

Most recent official figures from a sample of 18 cities showed decrease of five per cent in total revenues between 1936 and 1937, while reports in 1938 from various states indicate further decline in municipal revenues. Increased property tax collections were indicated by 1937 figures, although gain may be



"**E**ven if you *are* my nephew, there's no sense in your starting out on your business career like an old fogey. Frankly, I was shocked yesterday at your old-fashioned methods—I didn't even see an Ediphone in your office. Don't you know, lad, that men who use Ediphone Voice Writing work only two-thirds as hard and accomplish more than men who do not!"

"And take that efficient secretary of yours. You kept her hanging around for 20 minutes while you talked on the telephone. Then you dictated a memo to her based on the 'phone conversation. Then you held up the rest of your dictation while she typed the memo (which you wanted to get out right away). That used to go in the old days,

but not now! With an Ediphone you don't have to wait for your secretary and *she* doesn't have to interrupt her work to be with you.

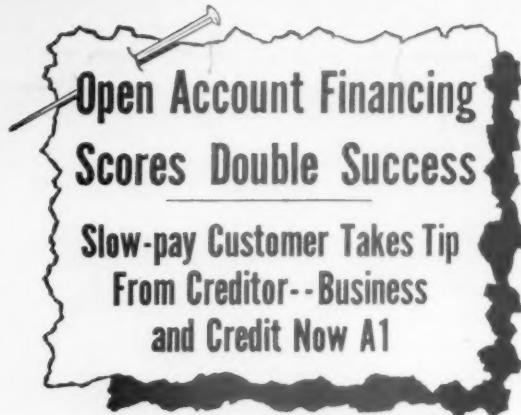
"But don't get the idea that the Ediphone is only for dictating letters. It records appointments, disposes of details, takes down your thoughts—lets you give instructions to your secretary any minute you want to, even when she isn't there. Honestly, boy, if I'd had an Ediphone ten years earlier, I'd have cut my work down to nearly half—enjoyed life more—and perhaps tucked away my nest egg years earlier."

Take a tip: telephone the Ediphone, your city, or write Dept. N5, Thomas A. Edison, Inc., W. Orange, N. J. In Canada, Thomas A. Edison of Canada, Ltd., 610 Bay St., Toronto.

SAY IT TO THE

Ediphone
EDISON VOICEWRITER

GOOD BUSINESS NEWS



TO put reverse English on the old proverb, "one man's meat can be nourishing diet for the other fellow, too."

The Brown Corporation* was a regular user of our service.

It gave their company money-power far in excess of what its regular connections had provided. Brown had been selling considerable merchandise to Black & Company,* getting cash advances on shipment from us and clearing them off the slate as Black's checks came in. But gradually, Black began taking longer time to pay.

Since he had long been a good customer of Brown's, we frequently permitted an extension of time, but advised a frank talk to see where things were heading. They quickly found the reason. His regular bank credit wasn't enough to finance the volume of sales Black needed. His working capital was continually frozen in receivables. First he had to pass up discounts on his payables. Next, he was passing due dates.

Brown explained our service . . . told how it was helping him. He urged Black to consult us. We were called in. We negotiated an arrangement, effective immediately . . . without red tape or delay.

Then Black's business curve started up again. In little more than a year, Dun had improved his credit rating to A1. By the end of 1938, his net worth was nearly \$200,000 greater, a healthy increase of nearly 30%.

* * * *

Which would be better for your business—a borrowing capacity set by routine consideration of your capital investment and an audit of your present condition? Or, a flexible financing system that looks ahead and provides liquid cash for financing new sales as fast as you can make them? Write "Dept. NB" for our free booklet "CAPITAL AT WORK".

*A fictitious name, but the facts and figures, taken from our records, can be certified.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

temporary result of backlog of uncollected taxes, by report of Federation of Tax Administrators. Figures showed property taxes represented about 70 per cent of all revenues in 1937 for the 18 cities as compared with only 63 per cent in 1936.

Property tax limitations, including homestead and industrial exemptions which account for one of the largest local revenue losses, were enlarged, but pace at which they were adopted in earlier years has slowed up. Five states—Florida, Georgia, Louisiana, New York and Mississippi—adopted constitutional amendments or passed laws increasing exemptions. Mississippi increased its homestead exemption from \$2,500 to \$5,000.

Share Sales Slump in '38 NUMBER of shares traded last year on New York Stock Exchange was eight per cent lower than in 1934, previous low year of the depression, and 74 per cent lower than in 1929. Trading volume excluding odd lots passed 1,000,000 shares a day during only two months. According to general belief that most brokerage houses cannot make a profit when volume averages less than 1,000,000 shares a day, July and October were the only months out of the red.

Increased margin requirements, restrictions on trading by Exchange members for their own account, discouragement of trading by officers and large stockholders in stocks of their own corporations are factors that help to account for low activity in shares.

Business of underwriting and selling medium-grade and speculative issues of bonds and stocks has almost disappeared. Many of the organizations handling them have been disbanded. If this business should revive, new means of handling it would have to be found.

Although \$4,384,000,000 in securities was issued last year, only a small distributing force is needed for handling such a volume. One reason is that securities last year, other than Treasury flotations, included \$618,000,000 of corporate obligations issued by private arrangement; \$1,146,000,000 of issues offered by the Reconstruction Finance Corporation, the Federal Intermediate Credit Banks, and other government agencies; and about \$1,089,000,000 of state and municipal bonds.

Figures appear in a press release issued by the National Industrial Conference Board, New York.

Travels of a Fair Dollar NEW YORK World's Fair will give a 10,000,000,000 fillip this year to business activity, prophesies Grover A. Whalen, Fair Corporation president.

Analysis of the "World's Fair trade dollar" indicates that, in the life of the exposition, April 30 to October 31, visitors will spend in New York City a total of \$1,000,000,000. Expectation is that of every dollar thus brought into the city, only seven cents will be spent at the Fair. Remaining 93 cents—multiplied 1,000,000 times—will go into trade channels of the five boroughs of the city.

As for turnover, say Fair officials, be-

fore it comes to rest each Fair dollar will change hands ten times, and when re-spending has been completed, its mileage may include Maine, Texas, or the Pacific Coast.

Incidence of spending is shown in the following table:

<i>Of the Dollar</i>	<i>Of the Billion</i>
20¢ Housing	\$200,000,000
23 Food and Drink	230,000,000
20 Entertainment	200,000,000
14 Merchandise	140,000,000
10 Transportation	100,000,000
7 World's Fair	70,000,000
5 Personal Services	50,000,000
1 Communication	10,000,000

Birthday of the Gas Tax

TWENTIETH birthday of gasoline tax, first approved in Oregon, February 25,

1919, was observed by publication of "Motor Fuel Taxation in the United States." Book was authored by Syracuse University's Dr. Finla G. Crawford, long a student of the history, social implications, and administrative problems of the tax.

Twenty year revenue to national and state treasuries is figured at \$8,093,398,000. Last year's collections amounted to \$959,058,000. State gasoline taxes last year produced \$758,177,000; duplicating federal motor fuel tax, \$200,881,000 more. Gas tax constitutes 25.65 per cent of the total tax revenue of the 48 states; in four states it was more than half of the total; in some states the total tax, federal, state and local, is greater than wholesale price of the gasoline.

Says Dr. Crawford:

No one denies that the gasoline tax is an equitable way of raising revenue for highways; however, the 29 cents taxes the average motorist pays out of his gasoline dollar constitutes a very real financial burden. The average motorist earns from \$20 to \$30 a week, and his payments for gasoline taxes are \$32 per year. There are definite limits to the tax burden which may be borne by these individuals.

The curve of increased gasoline tax rates flattened in 1933, and since has remained at a fairly even level. This stabilization has taken place during a depression and a recession and, under normal circumstances, the motorist may look forward to reductions in the future, although new factors may make this assumption premature.

Research as Insurance

WORTH of industrial research as business insurance is confirmed by 1938

showing of Sprague Specialties Company, Boston. Line includes electric condensers for radios, refrigerators, automobiles, and electrical appliances. No item sold in 1930 appeared in last year's sales volume.

Product development has been so rapid that not only was every 1930 model discarded and replaced by 1938, but half the entire 1938 Sprague sales came from products invented and developed within the past four years. Engineering staff has been kept at full force through past eight years.

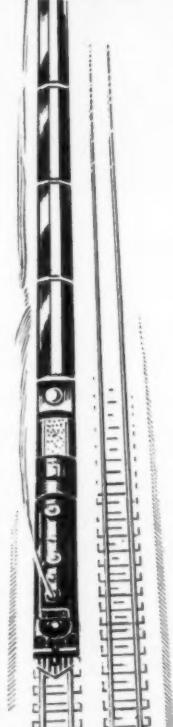


WHY THEY SHOT 300 DOLLS

• It wasn't murder. You see, they did their "shooting" with a camera. And the 300 dolls they "shot" were falling out of a packing case that hadn't yet been lifted onto the westbound Erie freight.

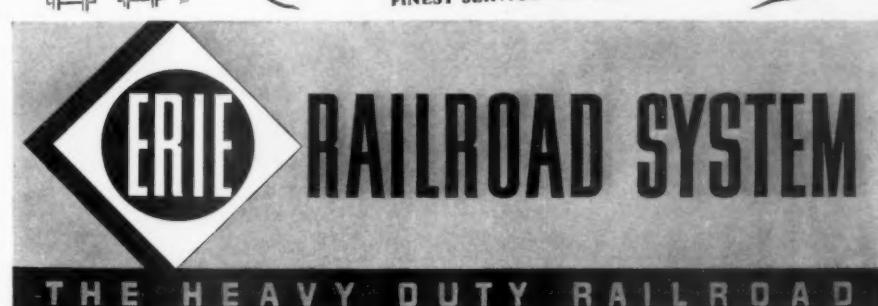
Well, sir, when they sent the picture to the shipper, explained the circumstances, and made a few suggestions, he thanked them and promised to have his dolls packed more securely in the future. Thus was born a new "Erieconomy." Another way to save shippers money.

And that's the story of how photographing poorly-packed freight to avoid loss for shippers became a habit on the Erie. Not much in itself. But remember: it's only typical of the many precautions Erie takes to deliver your shipments *safely, promptly, economically*. Phone the Erie agent on your next order!



Travel the Scenic Erie

... between New York, Binghamton, Elmira, Buffalo, Chautauque Lake, Youngstown, Cleveland, Akron, Chicago
AIR-CONDITIONED TRAINS • EXCELLENT MEALS
FINEST SERVICE • LOWEST FARES



Why the Slums Aren't Cleared

(Continued from page 26)

set up impossible standards with serious penalties for failure to meet the requirements, when inspected by inspection services often without adequate construction knowledge. Use of relief labor was also stipulated. The result was that, under the first housing appropriation, contractors actually refused to bid on projects, and Mr. Ickes, who had denounced them as profiteers, was finally compelled to ask them indirectly to bid at whatever price.

While this situation has been largely remedied, many other fundamentals that defeat large scale rehousing are still unchanged.

Recreational space, for instance, has become a fetish. Some project specifications have called for the structures to be oriented to take advantage of the prevailing wind with the buildings no more than two rooms wide to assure cross-ventilation. To achieve this they occupy only 12 per cent of the land area. Can we clear slums easily if we have to meet such specifications?

The absurdity of the low population density requirement which is preventing slum clearance is most obvious in large centers like New York. Population density in some of New York's highest class residential apartment blocks will run 1,000 persons per acre, children included, and perhaps half that in slums. In small-

er towns where an acre may be divided into 35 by 100 foot plots, each with a house for four persons, the density would be about 50 persons, and this would be fairly good middle class housing.

Land runs up cost per family

HOWEVER, when the Government comes to figuring allowable density, we find in some of the already completed housing projects the fantastic situation of one family per acre. This situation was reached in "Green Hills," a development outside Cincinnati, built by the old Farm Security Administration for families of \$1,000 to \$2,000 annual income. Even more bizarre are the full statistics of this project. The total acreage is 5,930, for 676 families and the total cost more than \$12,000,000. This is nine acres a family at a total housing cost of almost \$17,000 for each family. Eliminating the farm lands, the corporate limits of Green Hills include 789 acres for the 676 families or a density of about three persons per acre on the basis of 3.6 persons per family used in government calculations.

Of course such extravagance did not characterize all the E.S.A. rural homestead work. At Lake Dick, Ark., 80 families have been established on 3,453 acres at a cost of \$3,451. At Longview, Wash., 60 families are reestablished at a cost of \$3,076 each. Prefabricated

dwellings are being produced for as little as \$1,100 now for these developments.

Equally absurd for any basis of resettlement, slum clearance or public housing is the situation at Greenbelt, Md., where the Resettlement Administration's development of 1,000 dwelling units has 2,100 acres, or better than two acres per family. The cost averaged nearly \$16,000, although the Administration, through various hypothetical mark-offs, claims much less.

In contrast there is a private, limited dividend development, Buckingham, at Arlington, Va., just outside Washington. This is not government built or operated, and is a high type housing project for 622 families. There is more than ample free space since the land is only 17.4 per cent covered, but the density is about 95 persons per acre, and the total building cost, including land, about \$4,800 per family.

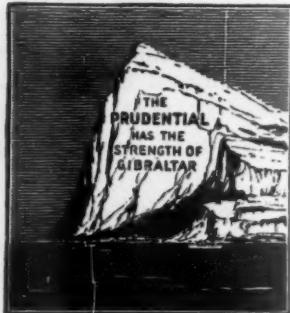
In Louisville is another government housing project where only 6.8 per cent of the land space is used for buildings, leaving 63 acres of recreational space for 283 families. This is a density of 15.

For some reason, population density is blamed for all the evils of slum living. Actually not density, but poor living accommodations should be blamed. Our sociological friends have written volumes on what happens to boys, girls and their parents brought up and living in New York's crowded East Side where the density of population over the most crowded wide area was approximately 430 to 440 persons per acre five years ago, and is less now. In smaller areas, say of 30 acres, it rose to 700 persons, but is lower at this time.

However, these writers and speakers have nothing to say about the poor children of the rich and middle class living in high class residential neighborhoods where the density of population is twice that in the slums.

In almost any sizable city, the area devoted to large apartments will be found to have a higher number of persons per block than the slum districts. In New York City, for instance, a residential area between Central Park and Riverside Drive between 82nd St. and Cathedral Parkway had a density of 400 to 410 persons in 1933, and has more now. Single blocks of the older, fine apartments in New York have almost 1,500 persons per acre. London Terrace, for instance, an extremely high class new apartment project of huge size, has 900 persons per acre, and yet has ample, almost luxurious garden space. Knickerbocker Village, another large high class apartment operation, has a theoretical population of 820 persons per acre.

We do not, however, hear any pleas by social workers and housing authorities that the children living in these neighborhoods are growing up to be thieves, dope fiends and potential criminals. Nor do the residents consider themselves crowded. Obviously then, it is not high density of population that makes a slum. It is equally obvious that,



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THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA
HOME OFFICE: NEWARK, N. J.

if we provide decent living quarters in tall, many family apartments in slum areas, using the 35 per cent to 45 per cent land coverage now characteristic of the best residential areas, we are providing slum dwellers with habitation at least equal in this respect to that enjoyed by our middle class population.

However, housing protagonists bent on spending public money do not grant this. They insist on horizontal expansion rather than vertical, although only by the latter can we really accomplish slum clearance in our large cities.

Let us look at the record of New York City's attempts at slum clearance under governmental direction to see why slum clearance, as has been projected, can only provide a few with new homes.

First Houses was a city venture for 122 families, and cost \$3,289 a room as computed by the *Real Estate Record*. The city could have gone into the open market and bought lovely suburban homes for each family at half the cost. Harlem Houses, a slum clearance venture for negro families was a governmental housing example in a negro district where population density is 400 to 500 and more. To show how to clear slums, the Government spent \$2,150 to \$2,167 a room or \$7,000 to \$8,000 a family for 1,900 persons, crowding them into small apartments but with so much play space as to provide a density of only 146 persons per acre. The land cost per room was \$546, more or less.

Low density again

WILLIAMSBURG Houses have been completed about a year for 1,622 families at a cost of about \$2,256 to \$2,284 a room or \$8,000 a family. The density of population is 170 to 185 persons. Red Hook and Queensbridge, the two newest federal housing jobs in New York City, are now in course of construction at a cost of \$12,000,000 for the former and somewhat less for the latter. The per room construction cost will be far less than any previous project due to the sane conception and administration of Commissioner Rheinstein, but here again we have low densities, Queensbridge with 185 to 195; Red Hook with 230 to 240.

In Chicago, the Lathrop Homes, a \$6,000,000 government project built at a cost of about \$6,500 per family, with 925 apartments, has a density of about 100 persons per acre, much less than Chicago's best residential areas. How can we clear large city slums of 500 density, by setting up 200 density projects? Where is the land to come from unless we move these people far out? And they do not want to move out, as Mayor LaGuardia was recently told by a workman helping him lay the corner stone of a housing project.

The most telling comparison between government and private costs is found in the statistics of a new housing project in New York City to be built by private capital and by private management. The plans were announced on March 19, to house 270 \$1,500 income families on Brooklyn Polytechnic Institute land at a total cost of \$800,000 or \$3,000 a family including land. The coverage will be about 40 per cent of the land area and the density about 400 per

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in the Hewitt Belt that's made for the job



For every need in industry, HEWITT has developed a specific type of Transmission Belt to bring you more efficient, economical service. In HEWITT belts, plants have found the answer to lower costs. From the "super" belt, Monarch, for the toughest jobs you have, to Lightning Speed for light duty service on small pulley, high speed transmission drives—all HEWITT belts have one thing in common: Their special features and superb construction help cut your operating costs to bedrock.

7 WAYS TO A BETTER RUN DEPARTMENT

Within the HEWITT line, you'll find transmission belts which have brought greater efficiency to many of the plants in your industry. Your HEWITT distributor will give you the dollars-and-cents facts. HEWITT distributors are listed in the classified telephone directories of industrial centers under "Rubber Goods" or "Belting."

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For 80 years, HEWITT Brands have been recognized as outstanding examples of advanced research and exceptional craftsmanship.

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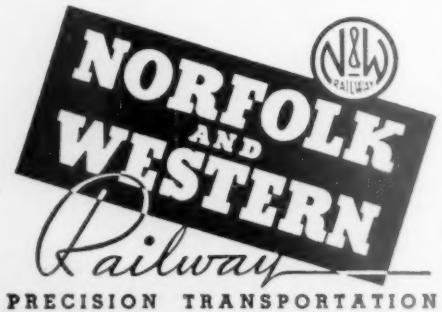
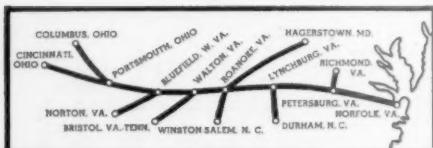
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acre. The announcement points out that this is the "same property which a year ago was named as the site for a housing project to be erected jointly by P.W.A. and the N. Y. State Housing Board at a cost of \$1,670,000.

Almost at the same time this private venture was made public, came the details of a new government housing project in the Jamaica section of New York where 444 families are to have new quarters at \$5,000 a family. Large numbers of new privately built modern homes are available nearby for \$500 to \$990 less. These homes are not built for 60 year occupancy but it would be rash to say that the government homes will not also be outmoded in 60 years.

None of the large New York governmental projects can be termed slum clearance, even the two now building, because they use virtually vacant land.

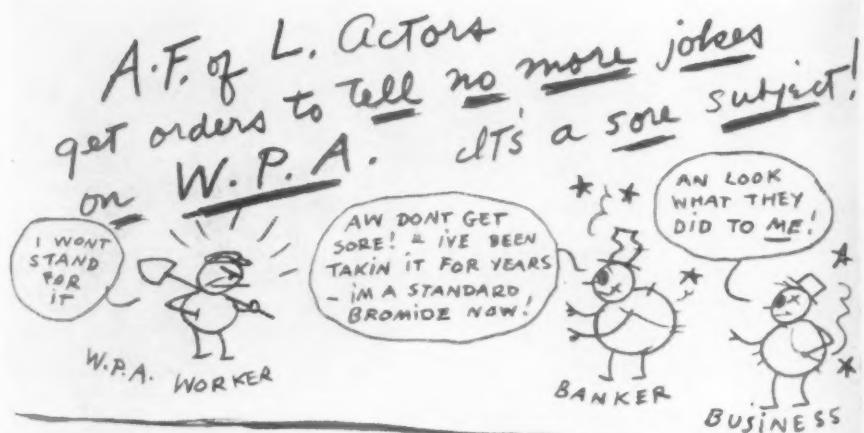
Knickerbocker Village built privately in 1933 and 1934 was, however, a slum clearance operation. Its land cost was

tremendous, the footage being bought at the peak of 1930-31 prices, at figures representing twice to three times today's values. But, in spite of this unusually high land cost, the cost of land per room of Knickerbocker Village was less than that of the government built Williamsburg recently completed as a low rent project.

The figures indicate that Knickerbocker land costs were \$621 a room. Williamsburg's were around \$680 a room. Such a difference is incredible until we understand that the private project consisted of two 12 story buildings, costing about \$5,600 a family, while the Government's project was four story units, costing \$7,789 a family. Knickerbocker's theoretical density is 1,000 persons per acre, Williamsburg is 175. Yet Knickerbocker Village occupies only 32.3 per cent of the land area, while Williamsburg's coverage is 33.14 per cent.

This comparison readily shows the advantage of vertical expansion for hous-

From a Business Man's Scratch Pad . . . No. 37

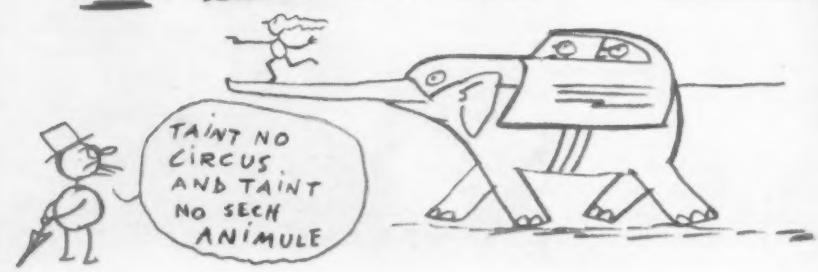


Uncle Sam becoming more inquisitive-if possible!



1940 Census thinks up some new questions!

Circus going modern with air-conditioned Tents - Streamlining



ing slum dwellers. The United States Public Housing Authority has arbitrarily set \$1.50 a square foot as the maximum purchase price for land. Commissioner Rheinstein, and most other practical housing men, insist that this limitation will not permit slum clearance because it ignores vertical expansion, and does not permit acquisition of occupied land held at higher prices which would decrease land costs per room tremendously.

Thus, a four story building with say 100 rooms on 13,400 square feet of land costing \$20,000, would have a \$200 per room land charge. A 12 story building on the same area with 300 rooms, cuts the land cost to \$67 a room or, keeping the land cost at \$200, as under the \$1.50 limitation, land costing \$4.50 could be bought. Obviously, the Government must change its limitation to a land cost per room or apartment.

Total costs of most earlier federal housing projects were scandalously high. The official cost of 16 northern federal housing projects ran between \$4,287 and \$8,760 per family. Few will dispute that superior quarters could have been bought from private builders for less.

Hidden costs in projects

AUTHORITIES in private enterprise point out that government costs as given should be increased in instances from two to seven times if certain hidden costs which are legitimate charges against land are included. These are the costs of new utilities, streets and the like; the capitalized value of the lost taxes, since public housing is tax exempt.

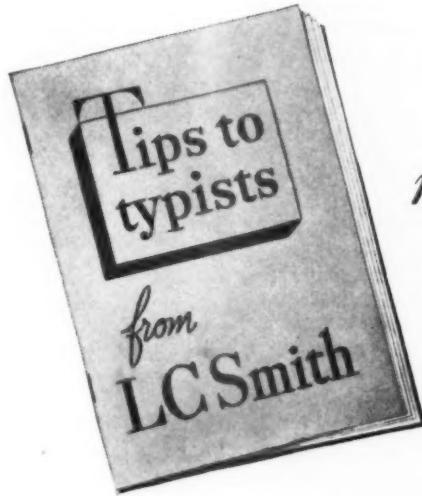
In the projects now building there has been a serious attempt to cut costs, and in at least one, Red Hook, the total room costs including land will be less than \$1,250, with construction cost per room about \$900.

On its newest projects, the U. S. Housing Administration very recently made the startling claim that its construction costs per family are much less than the average of private construction. Details of the government costs are hard to obtain and its arithmetic harder to follow, but its statement will not hold up under detailed analysis or under private builders' opinion. The comparison of government costs on three, four, and five room quarters is made against the average of total local dwelling costs which include many-roomed houses costing as high as \$50,000 per family. Taking just one case, at random, that of Cincinnati, we find that of all homes built in 1929 to 1935 inclusive, 22 per cent cost more than \$7,500 and 56 per cent upwards of \$5,000. To compare the Government's average estimated cost for 316 dwelling units of approximately \$3,000 (small apartments) to the entire Cincinnati average is obviously tricky arithmetic. The Government does not, however, give its per cubic foot costs, to compare with private construction's 20 cents to 30 cents average cost for four family brick dwellings in Cincinnati. Right now in the Borough of Queens, New York, average dwelling costs during the past two years have run less than \$3,000 a family.

One reason for the Government's high

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helpful to her...
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costs (in addition to the "prevailing wage" regulation which works out to require payment of the union paper scale, even though such scales are not "prevailing" on small home construction anywhere) has been the insistence that buildings be built for a life of 40 to 60 years. Since these governmental projects are of the usual design characteristic of the present, it seems presumptuous to suppose that most, if not all, will not be outmoded in 20 years.

Modernization is quicker

THE immediate need of slum dwellers is better quarters as quickly as possible. Estimates of required new housing seem limited only by the number of families in the country, one estimate stating that 14,000,000 new homes are required. The minimum of families living in homes that should be immediately replaced is now set at about 1,000,000. According to the report of the U. S. Housing Authority, 20,000 of these are now in new quarters. Homes for 75,000 more are to be completed within two years. This is from one to ten per cent of what is needed according to whether minimum or maximum estimates of total needs are used. With only 20,000 rehoused after four years we can hardly admit any appreciable attack on the slum situation.

In large cities, the quickest and cheapest way to rehouse slum dwellers is by rehabilitating existing buildings. Yet the Government has made no attempt to do

this. Rather it embarks upon luxurious, expensive, long term new construction with recreational space as the chief objective. The Housing Committee of the Brooklyn Real Estate Board, a serious body of practical men, has submitted a plan for quick rehousing of slum people. It contemplates remodeling existing buildings and the claims made for the plan cannot be disproved:

1. This plan will provide the greatest amount of housing at the least cost.
2. It will benefit the really poor people.
3. It will be of immeasurable benefit to the city by giving new life to thousands of existing multiple dwellings.
4. It will take advantage of existing facilities in the way of schools, firehouses, parks, etc., instead of necessitating tremendous expenditures for such facilities in new locations.
5. Such projects are the only logical way to provide housing because the contribution of the city or state is within reason, the public aid required in effect amounting to about \$2 or \$3 per room per month. New buildings, in effect, require public aid of about \$9 a month per room.
6. The city would receive greater tax revenue as the land and buildings would be continued on the tax rolls, with the only exemption to be for the actual improvements for a limited period of time.

The report continues:

The history of the new housing projects erected to date is that they did not benefit the really poor people who needed help, and that few of the former occupants of these sites were able to find accommodations in the new buildings, most of them being driven elsewhere. Modernized

buildings, because of their reasonable cost, would have the opposite effect, and would provide good accommodations for present slum dwellers at rentals not to exceed \$7.00 a room per month.

There are thousands of existing multiple dwellings that could and should be modernized. The principal reason they have not been modernized so far is that the owners have not the money for modernization, and that practically no mortgage money for such purposes is available.

Remodeled buildings can furnish housing for an expenditure of \$150 to \$450 a room in alteration costs. New buildings would cost approximately \$1,500 a room. Of this amount about \$1,000 would be lost and not recoverable. Therefore, the amount of housing that could be provided in existing buildings with any given amount of money would be three to five times as great as could be provided by erecting new buildings.

Private interests in New York City have rehabilitated hundreds, if not thousands, of older buildings. Such excellent accommodations are made out of slum tenements that small apartments rent for as high as \$100 a month. Surely such apartments would be fit for even the slum élite. But so far Washington has turned a deaf ear to rehabilitation except in one very small successful instance.

This involved the Washington, D. C., Alley Housing Authority in 1937, where a project for negroes, using reconditioning methods, was completed at a total cost of \$2,552 per family with land. Compare this with the Harlem development for negroes in New York City.

It must not, however, be understood that rehabilitation is recommended as more than a partial solution in large cities. More important is the necessity for setting up new types of housing enterprise of the limited dividend type but with the right of eminent domain in some circumstances under private management using government funds. The enlarging of limited dividend corporation statutes to encourage private capital to cooperate with government money is itself a most important phase of getting improved housing for the masses.

Moreover, if we are to have genuine slum clearance in our cities, we must throw overboard the density limitations, and build eight to 12 story modern tenements, substantial, sanitary and of radically new design, utilizing some of the European ideas of layout and construction. The Red Hook cost of less than \$900 a room for five story houses with elevators is \$350 a room less than the \$1,250 limit imposed by the Wagner-Steagall Act, an amount certainly sufficient to permit ten story construction, particularly if practical builders and ingenious architects are permitted to improve the plans. Certainly, if the United States had in the beginning set up its housing program as any large private corporation would have started it, with preliminary experimental construction work on a large scale, with builders and material men cooperating, and with the very minimum of sociological experiment, we would now have slum clearance well on its way, with costs probably not averaging more than \$2,500 a family.

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The Birds Teach A Relief Lesson

(Continued from page 20)—but are people who know the law today going to give men odd jobs, when by so doing they are subjecting themselves to the regulations and taxes of our social security and wage-hour laws?

The fact is that, if our Government insists upon strait-jacketing employment, it also inevitably strait-jackets unemployment. The very laws intended to protect employees are the ones which today are perpetuating unemployment.

On top of all that, business constantly faces the questions, "Where are we going from here?" "What new device is going to be tried?" "What new taxes are going to be imposed?" "What new regulations are going to be attempted?"

A future of uncertainty

BUSINESS can expand only by taking a chance. People take chances only when they have some confidence in the future. How can business be expected to have confidence in the future, to take a chance, to expand operations in the hope of profits to come, in the face of today's load of regulation and taxation and tomorrow's enormous question mark of uncertainty?

So there we are.

Men stay on relief and W.P.A. because it is the easiest way. Business does not take men off relief and W.P.A. because it is scared to death.

And in the meantime we are steadily using up our national savings—marking time.

For some strange reason, many people in this country apparently fail to understand the basic economic difference between money paid for producing an article of value and money paid for producing nothing of value.

When a man works for private industry, he produces a product for sale. He produces something of value in an open market.

When a man lives on relief, he produces nothing in return for what he gets.

When a man works on W.P.A., he may help now and then to produce something of general value to the community—but he produces nothing which can be exchanged for money in the open market. In short, the product of his work cannot be sold.

It follows, therefore, that men employed in private industry create wealth—whereas people on relief and W.P.A. simply use up wealth.

To my mind, one of the most amazing fallacies which has broken loose in this country for years is the idea that money spent on relief and W.P.A. actually stimulates business.

Of course W.P.A. and relief money is used to buy food, clothing and shelter. But nothing is produced in return for this food, clothing and shelter.

A man in private employment likewise uses his money for food, clothing



Joe and Johnnie are killing time—because there's a "work drought" in the shipping department.

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Where's Mabel? She's everybody's secretary. But the Boss has first call—others must wait.

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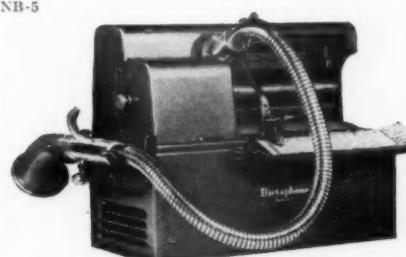


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The boss and Mabel are both working now. Dictaphone has lifted the work blockade for everybody!

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and shelter. But in return he does his share to create an article of commerce which goes out into the market and has a definite value. To the extent of his productive ability he has added to the wealth of this country. His employer pays out the wages which he spends for food, clothes and shelter—and in return the employer receives money for the sale of a piece of merchandise.

What does the Government get back for the money it spends on relief and W.P.A.?

And who is the Government? Who puts up this money? All the taxpayers of the United States put up this money—and, with our system of indirect taxes, this means every person in the United States. We put up this money and we spend it—and that is the end of it. Nobody gets anything back.

What are we going to do about it?

I would say—first of all, let's start with the people on relief and W.P.A.

who, simply because they are human like you and me, are still taking the easiest way. I am afraid we are going to have to cut down on their sunflower seeds.

In the long run, I do not think we are doing them any favor by making it possible for them to eat without working. If we are all going to keep going in this country, somehow, in some way, we must get more production of wealth per dollar spent. We cannot ever again achieve prosperity with a large share of our population on a non-productive basis.

If we keep up the way we are headed, the probability is that we will all end up on relief and on W.P.A.—with everybody on charity and nobody to pay the bill.

Suppose we cut down on relief benefits and W.P.A. pay—will private industry stand ready and willing at that point to pick up the load? Will industry be able to provide jobs for the people to

The Itch to Regulate . . .

[This article by former President Woodrow Wilson appeared in American Lawyer magazine in May, 1908, under the title "Trust Crusading"]

A PASSION for regulative legislation seems to have taken possession of the country of late; but it came upon it so suddenly, so much more like an impulse of impatience than like a deliberate purpose that there is every indication that careful thinking upon which it should have been founded will succeed it after it has spent its force, rather than accompany and give form and direction to it.

We have passed laws forbidding such combinations and such practices as would virtually constitute monopolies and have attempted to enforce them. We have forbidden discrimination in freight rates by railway companies and have tried to detect and punish them. We have gone further still and endeavored to prescribe passenger rates as well, undertaking to look inside railway business and determine through public commissions what rates it is equitable for them to charge.

Government control which we are undertaking so extensively and with so light a heart, sets up not a reign of law, but a reign of discretion and individual judgment on the part of government officials in the regulation of the business of stock companies owned by innumerable private individuals and supplying the chief investment of thousands of communities. I can see no radical difference in principle between governmental ownership and governmental regulation of this discriminatory kind. Regulation by com-

mission is not regulation by law, but control according to discretion of governmental officials. Regulation by law is judicial, by fixed and definite rule, whereas regulation by commission is an affair of business sense, of the comprehension and thorough understanding of complex and various bodies of business. There is no logical stopping place between that and the actual conduct of business enterprises by the government.

Such methods of regulation, it may be safely predicted, will sooner or later be completely discredited by experience. Commissions in the future as in the past will reflect rather public opinion than business discretion. The only safe process, the only American process, the only effective process, is the regulation of transactions by the definite prohibitions of law, item by item, as experience discloses their character and their effects, and the punishment of the particular individuals who engage in them.

The acts of corporations themselves must be checked, not by futile and blundering attempts to dictate to each corporation how its business shall be conducted, but by bringing the officials directly to book who are responsible for forbidden or questionable transactions. The corporation itself never fails to find the really responsible official in its own processes of discipline, and it can be made to disclose to the public prosecutor the names of the men who should be prosecuted against.

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whom relief and W.P.A. are no longer attractive?

My answer is most emphatically "yes." And for a very simple reason.

It is my firm conviction that, if the Government took a strong stand in favor of economy, insisted that relief standards and W.P.A. pay should be cut, made an honest effort to balance the budget, and gave promise of eventually lightening the tax load, private employment would pick up overnight.

Did it ever occur to you how many men industry could employ with the money which today it spends for social security and unemployment insurance taxes?

Did it ever occur to you how many more men could be working in industrial plants right now if the money business hands to the Government to pay men out of work could instead be used to pay men actually at work in private industry?

To my mind, the best job insurance in the world would be the promise of revision of the Social Security Act and other so-called social legislation, a promise that the Government would attempt to live within its income, and a promise that regimentation was at an end and that from now on reasonable regulation rather than regimentation would be the objective of our national Government.

If business were free—if it could once again take a chance on the future with even a reasonable expectation that a long-term investment might be rewarded with a profit—men would be taken off relief and out of W.P.A. and put to work in private industry just as fast as they could be signed up at the employment offices.

But in the meantime—as long as business is discouraged, and easy living on government dole is encouraged—most of those birds will remain on W.P.A. and relief. I would not venture to criticize them.

I am willing to bet that, under the same circumstances, you would do exactly the same thing yourself. It is merely human nature.

Automobiles and Taxes

AVERAGE value of all passenger automobiles in the United States on January 1, 1939 was only \$197. Automobile ownership has been regarded as indicative of position or means. But a \$197 car represents only eight weeks' wages of average American factory worker, can hardly be regarded as index of wealth.

Cost of taxation in upkeep of car is a different story. Taxes are imposed upon the motorists as though they, as a class, were well off and possessed some extraordinary ability to pay. Gasoline tax, registration fee, and other levies now average 27 per cent of value of typical car. Consequence is that average motorist buys his car over again in taxes every three and three-quarters years. Annual automotive taxes represent two weeks' wages of the average motorist.

Conclusions issue from computations made by American Petroleum Industries Committee.

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Educating to End Job Hunting

(Continued from page 22) money, he may, at the beginning of the second year, apply for his "Future Farmer" degree.

At the beginning of his senior year in high school, he may apply for his "State Farmer" degree. This requires a leadership record, a scholarship record, an extra-curricular record, and at least \$200 either invested in a project or in a bank from his project. The boy must submit three project books to the state. His record is investigated and then he must pass a stiff test in agriculture.

The fourth degree, usually acquired in college, is called the "American Farmer Degree." It requires a \$500 investment in a project and four years of training.

The Future Farmers organization provides a powerful incentive for boys to forge ahead in agriculture. Through it the boys have an opportunity to learn what men engaged in farming are doing all over the country. They meet men of influence and prestige in the agricultural world and these contacts often mean jobs or opportunities for more schooling.

The Future Farmers organization also sponsors judging contests for poultry, deciduous fruits, citrus fruits, dairy products and farm mechanics. First are the local contests. The winning team goes next to the state contests. From there state champions go to Kansas where national championships are held.

Their training proves helpful

NO ONE who has seen these vocational students in action can doubt their interest and enthusiasm. But what do they take away with them from this school of applied theory; this close contact with soil and growing things?

The most important gain is intangible but no one will deny its existence. From the damp earth and sprouting seeds, the student draws a sounder philosophy of life. Whatever vocation he follows, he is a better citizen for his agricultural experience.

Yet at least 50 per cent of those who take the course select farming as a vocation. Some 15 per cent of these go on to agricultural college.

It is also possible to count the value of the training in dollars and cents. One boy who was enrolled in the class of 1923 now has some 900 of the finest ewes in the country; some eight or ten have model dairies; a large number are engaged in citrus culture; several are veterinarians; two or three are teaching agriculture; most of them are successful and happy. Estimating most conservatively, these students have added some \$60,000 to the community wealth. The project investments for each year alone approximate \$2,500.

The young men and women who have benefited from this "work and learn plan" are its most enthusiastic supporters. Now, the idea is being adapted and expanded to help students make the

transition from school to business. Since there is little precedent upon which to build, various localities are solving their problems in their own way.

San Bernardino's plan, begun in January, 1937, under the direction of Albert D. Graves, Superintendent of City Schools, has won the enthusiastic support of business and industrial leaders.

In beginning this program, the first step was to select a leader. Joseph M. Sharp was chosen and given the title of "Vocational Coordinator."

Certain matters had to be ironed out before the program could get underway:

First, the planned procedures had to meet the approval of the Commission for Vocational Education of the State Department of Education; also of the State Division of Industrial Welfare. These two agencies assisted in formulating a "Pre-Apprentice Agreement" signed by the student, the parent or guardian, the employer and the school.

Second, it was necessary to know how liability insurance would operate in case of injury to students engaged in pre-apprenticeship training. The school board carries a public liability policy covering all school activities and it was found that pre-apprenticeship students would be protected under it. Also, all business firms in California contribute to the State Compensation Insurance Fund. A student receiving pay from his employer would automatically receive this compensation if injured on the job.

When these two matters were settled, the next task was to gain community support. Mr. Sharp spent much time contacting the service clubs and other civic and social groups. Although the California Industrial Welfare Commission had given permission to carry on the program at slightly less than the minimum wage scale, he explained that it was not designed for the purpose of providing cheap labor, but to help boys and girls find the work for which they were best adapted. School training and job training would be continuous and the student would receive his job training before he lost the habit of study and forgot much he had learned in school.

No student would be allowed to take pre-apprenticeship training until his broad, general courses and high school graduation requirements were out of the way. In his junior year, however, he would have a more intensive course in the field of his apparent vocational bent. In his senior year he would spend half time with his vocational employer and half time in school. The school work would be on electives closely related to his vocation.

The response was gratifying. Representative men and women pledged themselves to support the proposed program.

The final step was to choose an advisory committee to insure sustained interest in the plan. Among the 12 members of this committee are a Deputy State Labor Commissioner and a representative of the California State Em-

ployment Service from the Central Labor Council. Others are influential business men and industrialists. Mr. Sharp is an ex-officio member.

What types of work do these vocational students do?

Practically every type to be found in business and industry. Students have taken pre-vocational training to become clerical workers, stenographers and bookkeepers; receptionists and helpers in dental and medical offices; sign painters; alteration and repair workers in cleaning establishments; clerks and buyers in department stores; shoe salesmen; jewelers; meat cutters; service station operators; workers in the body and fender department of an automobile company; and others.

Supervision at work

STUDENTS are placed only with reputable concerns where some competent employee will give them individual instruction and supervision. The coordinator checks their progress frequently. To him are reported the student's shortcomings, such as poor work habits or personality defects. He, in turn, talks matters over with the student's teachers. Collectively they help the student to overcome his handicaps.

In the beginning, the employer does not profit by the program, but, as the apprentice becomes more proficient, he repays his employer's loss. Generally, too, the employer is training a worker for his own establishment, because a large percentage of the apprentices are hired by the firm after they have completed their apprenticeship. If not, they have experience to aid them in finding other work. The apprentices "make good" because they have been carefully selected for the work they are to do.

Here, again, is a two-fold benefit. The employer is learning that the schools have records of scholarship, citizenship, accomplishment, and health which provide an accurate standard for judging the potential worth of an employee. Out of the hundred or more who have had apprenticeship training, less than one per cent have really failed.

Most of the students in the apprenticeship group expect to leave school when they graduate from twelfth grade. But others will use their apprenticeship experience as a stepping stone for additional training. One girl who has been working in a dental office will continue her work there through junior college. Then, armed with three years' experience and a recommendation from her dentist employer, she expects to get work of the same type near a university while she completes her education.

One of the fundamental differences in this program and the traditional vocational program is the type of student who participates. Most vocational programs have been tied up with compulsory education and delinquent boys and girls. This new plan affects the finest type of student—the earnest and the ambitious who finds his "work and learn" apprenticeship a golden opportunity. It seems to hold tremendous possibilities for a far-reaching betterment of the existing social order.

BOOSTING the nation's business

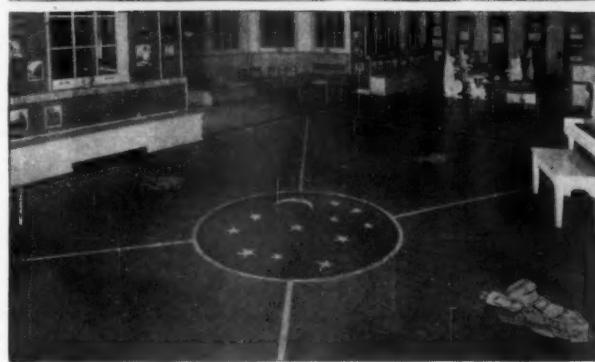
Business goes back to school to learn some new floor facts

If you have any question about the long-wearing quality of Armstrong's Linoleum Floors, step into any schoolroom where these floors have been in service. You will also see a convincing demonstration of how Armstrong Floors contribute color, design—real sales showmanship—wherever the public walks.

Here are a few examples of how the nation's schools are dressing up with Armstrong's Linoleum. Your local linoleum merchant can show you others. And our new book, "Better Floors for Better Business," will bring you the complete wear, care, and cost story. No charge (outside U.S.A., 40¢). Armstrong Cork Company, Floor Division, 3905 Coral Street, Lancaster, Pa. (Makers of cork products since 1860)



Do Armstrong Floors wear? Here's your answer, for this specially designed floor of Armstrong's Linoleum, installed at the Jefferson School of Manitowoc, Wisc., has been on active duty since 1934.



This kindergarten at Piedmont Beach, Cal., shows how original floor designs can be carried out with Armstrong's Linoleum. Seats and table tops also are covered with linoleum.

★ ★ ★

Scuffing feet beat a daily tattoo on this Armstrong Floor in St. Paul's Roman Catholic School of Oswego, N.Y. But a light daily brushing keeps the surface smiling. It's a quiet, warm, and draft-free floor in the bargain.

ARMSTRONG'S LINOLEUM FLOORS

Custom-Laid (A) or Standard Designs

PLAIN • INLAID • EMBOSSED • JASPE • CORK TILE • ASPHALT TILE
RUBBER TILE • ARMSTRONG'S LINOWALL and ARMSTRONG'S QUAKER RUGS

A Modern Market Develops Personal Contact



Shoppers eat cake served in honor of an anniversary

THE CHARM of the country store, with the storekeeper himself serving the customers and familiarly calling them by name has been captured by an application of modern business in the million dollar Seattle Security Market.

A city block long, a half block wide, it accommodates 100 shops and stalls, 70 vegetable or fruit stands. Each of these is individually operated by the man who owns the shop.

The building management does far more than provide a conducive selling environ. It supplies these factors in which yesterday's country storekeeper, and today's small shopkeeper, was and is weak.

Advertising is an interesting case in point. The building management maintains an advertising department which acts as a clearing house for all of the merchants in the market who participate in collective copy on a basis of not less than 12 per cent of the rental paid. The copy staff not only prepares the copy, but helps the merchant decide what and when to advertise. The building management pays for the top heading, the editorial lead to the copy, and any other space not taken directly by a tenant. This arrangement not only enables a small merchant to get into the big time space of metropolitan media, but enables him to do this with financial advantage, thanks to the yearly contracts held by the market management.

Nor could one individual afford a "hostess" who daily greets all the way from 25 to 200 club women, depending on the size of the club which is taking advantage of the market luncheon benefit plan. The luncheon is served without charge, save for a \$5.00 dishwashing fee, and the club may make any per plate charge that it chooses, in the interest of the club treasury. After the club group has eaten luncheon, the market hostess briefly discusses the different foods which comprised the menu.

—MANDUS E. BRIDSTON



Parking problem has been solved by use of roof which holds 1,400 cars.
One hour of free parking is granted to customers



Luncheons are served by various women's clubs without charge to the organization. A market hostess discusses the menu with them

And the Meek Shall Inherit the Earth

(Continued from page 32)

and do not stay open after 8:30 p.m.—The result: Their people work in shifts from two to two and one half hours in a stretch, rest in between in air-conditioned rooms or take time off for fresh air. Service counter girls don't go on duty without having taken at least one shower in the dressing room each day, and it is an S & W rule that another shower must be taken before they leave the premises at night. Closing between service hours not only gives long and regular rest periods for everybody, but it gives a special cleaning crew a chance to scrub the kitchens and dining rooms between every meal throughout the year. All kitchen equipment is portable, so that even electric stoves are pulled away from the walls at night and the space behind them cleaned.

Employees are important

IT IS one of the ten commandments that employees must never be corrected during service hours or in the presence of customers or other employees. They know they are an important link in a great organization. They know it because they are given more consideration than many higher paid employees in other businesses and industries.

Mr. Sherrill creates the desire in the mind of his lowest employee to improve in appearance and conduct. When his managers hire the highest type of people they can get for the job, their worries are over. High type employees will not tolerate a morally lower class. They'll freeze them out. The manager doesn't have to do the firing. More than 200 applicants may be interviewed to get one acceptable person. They seldom have to dismiss one. The training system prevents excessive labor turnover, although many girls get married after a comparatively short time. In that case

labor turnover helps build business. S & W loses an employee, but gains at least two boosters—the girl and her husband, and probably their families, too.

"You cannot buy or demand loyalty from your employees, you have to earn it," is Mr. Sherrill's constant admonition to his executives. "Employees' loyalty is earned by association, not by command. Today's business leaders seldom give orders. Rather they suggest ideas to their men and expect them to be carried out. They inspire their associates without talking shop. If we fail it is because there is something wrong with us. Don't run up the street and try to hang the blame on your competitor."

If a personal or business condition of an employee warrants dismissal Mr. Sherrill considers the employee's welfare first. He may take a several hundred mile trip to talk to this man. He may write him letters, or he may transfer him to another unit, but he will not fire him if the dismissal would jeopardize the welfare of the man's family. No hard-boiled business routine will change his idea on this.

When it involves the personal welfare of an employee, customer or competitor, he hangs on until a situation hurts his organization before he takes drastic measures.

But don't get the impression that he doesn't know how to look out for himself. He is a shrewd business man and a genius in many directions. Picking location is one. He watches for years before opening up in a new town. His chief competitor he says is the home, and he even overcomes that. He does it with customer policies based on horse sense and good philosophy. His customers get more than food, comfort, sanitation and good service. What they pay includes "Business Personality."

In any business this evasive "personality" is a reflection of policies and the



Modern business machines make it possible to have comparative figures for all units every day

Almost unbelievable is the fact that, at a cost of less than 2c per day for only one year, you may enjoy all the advantages of a billing machine by equipping any typewriter with an Egry Speed-Feed.

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No need now to invest hundreds of dollars in a billing machine. Get an Egry Speed-Feed! Slip it on any typewriter and in less than one minute you have a practical billing machine, ready to handle the writing of all multiple copy continuous forms with amazing speed and precision. Steps up the output per operator 50% or more; makes all typing time productive; automatically inserts and removes carbons; eliminates use of expensive pre-inserted, one-time carbons and other costly methods; requires no change in typewriter construction or operation; does not interfere with typewriter's regular uses; costs less than 2c per day for only one year.

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GOLF SECRETS
Box 464, Dept. 12, Springfield, Ohio

GOLF SECRETS

personality of the men behind it.

It includes a cheerful greeting, courteous attention, an atmosphere of "smartness," and a feeling of happiness throughout the entire organization. Every move a business man makes, every contact he makes with his business associates, his customers, or the public, is for or against him. S & W executives know this. When they open a new cafeteria it is a part of their plan to exceed themselves in courtesy, politeness and treatment of even the most menial worker's helper, the freightman who delivers equipment, or the street sweeper.

It is true that topnotch executives, expensive plants and heaps of capital are assets in any business, but if the last customer is not satisfied, assets turn into liabilities.

In a contact business customers want a show once in a while. If they don't get it they grow tired and look for a good time with a competitor. For almost two decades it has been one of the major principles in S & W public relations consistently to create public interest. Whether the cafeterias need modernization or not, every four or five years their appearance is changed. They are brought up-to-date. S & W spends lavishly on construction, sound proofing, air conditioning, escalators, magic eye doors, decoration and equipment.

Whenever there is an occasion for S & W to give their customers an extra show, they do it. They celebrate anniversaries, Cherry Blossom week, Easter, Hallowe'en, Thanksgiving, Christmas and a score of other occasions by putting up elaborate decorations.

Thursdays, when throughout the South it is the maid's night off, parents bring their children to S & W where they are entertained with music and Mickey Mouse movies and get souvenirs before they go home.

As in many of the country's most successful enterprises, a great number of business-building suggestions came from the 30,000 patrons that eat daily in

S & W Cafeterias. At the door of each cafeteria are stamped business post cards. Customers use them freely. Frank Sherrill replies to each with an individual letter. He forgets about compliments but gets busy on complaints.

And just what has all this done for Frank Sherrill and his organization? Well, less than 20 years ago when he and his partner opened their first cafeteria, they had a capital of \$3,400. After they had opened their fourth cafeteria, the partner sold out. Today Mr. Sherrill directs a business worth several million dollars—an investment that continued to grow right through the depression.

In the depth of the depression every S & W Cafeteria was air-conditioned and sound-proofed. New units were built and swung into booming operation when other businesses had to close down.

Could you spot him on the street as one of the most successful business men, or in his cafeterias as the president? You might, if you look out for the quietest, and friendliest individual you have run across in years. But don't ask him whether he is the president of the organization. He would smile and say he is just working there. You would not see him finger-snapping at a busy crew to mop the floor if a customer spills a cup of coffee. He would mop the floor himself before someone slips and breaks a leg. He would interrupt a conference to speak to a calling salesman, not let him wait, because he has great respect for his time. He sits out in the open with all his office staff, has the oldest desk and a model T telephone. He lacks office pose and "big-shot" temperament. He works in shirt sleeves and smokes nickel cigars. Eccentric?—Not by a long shot. He is merely one of the few proofs of the theory that "the meek shall inherit the earth."

Does it pay?

It's profitable for him.

He just bought a 17,000 acre island in the Atlantic.



"Welcome to our World's Fair—Now, what the hell made you think you could drive through that red light!"

We Found a Way to Get Our Money

(Continued from page 29)

inability to realize that the fundamentals of the business depend upon money and not friendship. It seems to boil down to the problem of selling business and friendship as separate items rather than as a composite and combined commodity.

We have a friend who frequently drops in to ask us for credit when we know that, as a business risk, he is blotto. It has always been a source of wonder to us why this man should get angry with us. If we were to ask him to make us a present of three days work he would definitely feel that we were chiselers, spongers or crooks. Yet, if we do not wish to make him the same present he feels hurt. We thought long on this psychological problem. Four months ago we tried a solution. It works.

We reasoned that the underlying cause of the bad debt was not dishonesty. The customer was a bad debt as a result of the situation—and he did not deliberately create the situation. He never really meant not to pay us. He just failed to pay. He failed to pay because he failed to include us in his budget—if he had enough "extra" we would find him honest.

Solving the credit problem

DELVING deeper into the problem at hand we chose a test customer from our files. We did a bit of research work on this customer's business traits and instincts. We found that, although we had him "on the books" for some \$40, this customer was a man above reproach in other transactions. He made approximately \$30 a week. His wage was paid to him as a laboring, not a technical, man. He had borrowed sums from various financial organizations and had always paid them off on time. He had bought, within the past five years, two used cars through a finance company and had made his payments on schedule. A radio had been bought in the past year and thus far not a payment had been late. We also found that he never got angry when paying these bills. Yet when we sent him a statement of a long overdue account he felt personally insulted. He was a good business risk for every one but us and the local shopkeepers.

"There must be a way," my partner pointed out, "of getting our transactions on the basis which these other concerns enjoy. Our problem, it seems to me, is to get them to include our items in their budget."

Right! Absolutely correct—but how to do this without hurting the feelings of the customer. There was our problem. We attacked it.

When is a customer glad to pay? He is glad to pay when he needs the service. Later on, unless he has included payment for this service on his program, he very likely will not be glad to pay. The business, in an inferential sense, is responsible for this inconvenience to this

The Golden Gate International Exposition! That's where I'm taking my family this year!

Great! And while you're in California why not take the time to study those factory sites we've been considering?



And that, Mr. Eastern Executive, is a way to kill two birds with one stone

TWO BIRDS with one stone! A great vacation and possibly, too, an important business problem solved!

CALIFORNIA is one of the great markets of the nation. To thousands of eastern business concerns it offers opportunities for business development and for the location of manufacturing plants.



Bank of America's 494th branch located in the heart of Treasure Island where it serves the exhibitors and visitors at this great fair.

SO, FOR YOUR VACATION THIS YEAR, come to California...to San Francisco and Treasure Island! See the Golden Gate International Exposition which adds its wonder attractions to the ever-present natural appeals of the land of sunshine.

THEN, while you're in California, investigate the business opportunities it holds for you. Start your investigation at Bank of America which covers California with 494 branches...which knows every section of California, from the Oregon line to the Mexican border. Talk to Bank of America executives of the Business Extension Department at the head office in San Francisco or Los Angeles.

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Advantageous location. Good transportation. Deep water port. Nearby markets. Natural resources. Friendly attitude.

Pensacola invites industry and commerce. It has what industry and commerce need for successful and profitable operation. Look at your map. Study the favorable location of Pensacola, "Gateway to Florida and the Gulf Coast", a natural port for Central and South American trade. Consider Pensacola's ideal living conditions and its friendly attitude to industry.

Pensacola invites your inquiries. Address the Municipal Advertising Board, 22 West Garden Street, Pensacola, Florida.

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Dept. 5374-R A CORRESPONDENCE INSTITUTION Chicago

Distribution Services and Costs

A 50-page booklet on methods for improving distribution and reducing costs. 15c per copy.

Dept. of Distribution
U. S. Chamber of Commerce, Washington, D. C.

man. Our business, we reasoned, had in many cases really harmed the customer.

After due thought we worded a mimeographed sheet very carefully. It was, in last analysis, a note pure and simple which itemized the type of service or sale and noted the payment schedule. When the first customer came in, who was to be our "guinea pig," we were a bit apprehensive. He wanted a piston ring job and wouldn't have the money 'till Friday—good old Friday. We surprised him.

"Mr. Johns," we said, "we do not want to inconvenience you in this matter. Your bill will approximate \$20. We will make you out a statement and let you pay five a week until the bill is paid. That would probably be easier on you."

Mr. Johns beamed! He pointed out that he had never found anyone quite so thoughtful.

"This will come within your budget?" we inquired.

He signified that it would. We told him we would make out a slip for our files. We noted the transaction—the type of service, the complete cost and the payment schedule and showed him where to sign. He was happy to sign—he needed the service. Mr. Johns did not miss a payment. We collected every cent—he's a good customer.

Since that day, which was to prove so eventful for our bad debt situation, we have handled practically all accounts which had the slightest elements of risk in this way. In four months we have not lost a penny. Normally we would have lost 35 per cent of our credit transactions. We are happy about this. Our bankbook looks better—we may enlarge.

All this is fine—yet one thing still makes us mad.

It makes us sore because human nature is such that we've got to think out its budget for it. But then—we're not tycoons. We run a garage.

Reporters Will Come and Get It

(Continued from page 36)
uations of business news toward a business man readership, rather than an investor-minded one, and thus develop a vast potentiality of readership.

Cooperation in handling news

PROGRESSIVE newspapers are alert to this trend. Therefore, if business men will take the cue, they can obtain constructive, good will publicity by making available news and feature material that is timely, informative and interesting. It is mainly a matter of cooperation, because we newspapermen want it and will come and get it.

Give us pictures—good pictures. We want feature material for articles on new products, new manufacturing processes, new markets, and facts pertinent to trends and developments in sales, promotion and merchandising. Publicize

your programs of expansion to make new things, make more jobs and put capital to work. That names make news is axiomatic, so give us career stories. You may have a new profit-sharing plan, or some policy or practice that is unique.

Good pictures are always welcome.

It is important that business and industrial photos show action, proper contrasts in shading so as to reproduce well, and possess a certain dramatic flair. The worker at his lathe must seem alive—doing something.

Business editors want pictures of executives and personalities. Anything pertaining to business affairs applies as much to pictures as to news stories, whether in chemicals, steel, railroads, agriculture, oil, utilities, retailing, publishing, communications, textiles, electrical and heavy machinery and manufacturing and processing generally.

A good photo is almost a story by it-



Business is inherently as interesting as any other phase of human endeavor, including sports

him files. One of pay- here needs a he's prove- ments, risk not have sac- Our en- still na- out not

self; an ordinary one is next to useless. What is feature story material? Simply stated, it is almost anything of topical as contrasted with eventful or "spot" news interest. In the realm of business it might relate to streamlining; the remarkable commercial success of the fish liver oils; quick-frozen foods and refrigeration and their significance to foods merchandising; a new synthetic chemical textile; the photographic micro-film; the domestic champagne industry; geophysical methods of prospecting for petroleum and minerals several thousand feet underground; new methods of "distilling" metals, and so on.

There are trends in packaging, lacquers, rare metals, insecticides. Today we have glass spun finer than human hair; obtain industrial products from milk, and make artificial silk from coal, air and water. Citric acid, which gives the lemon its familiar tartness, is on its way to becoming an important industrial chemical. Much research is in progress on turpentine and rosin. There are developments in compounded lumber and transparent plastics. These are only a few. And don't forget the pictures!

There are trends in retail, wholesale and foreign trade, and good feature stories probably abound in other fields. They do in banking and finance, but this field is now adequately covered.

Corporations might better publicize aspects of their research and technology. Not many years ago this was considered scientific news, but when American industry today spends \$180,000,000 a year on research, it becomes business news of real magnitude. This story is being dramatized at the New York World's Fair in \$50,000,000 of corporate exhibits envisioning the "World of Tomorrow."

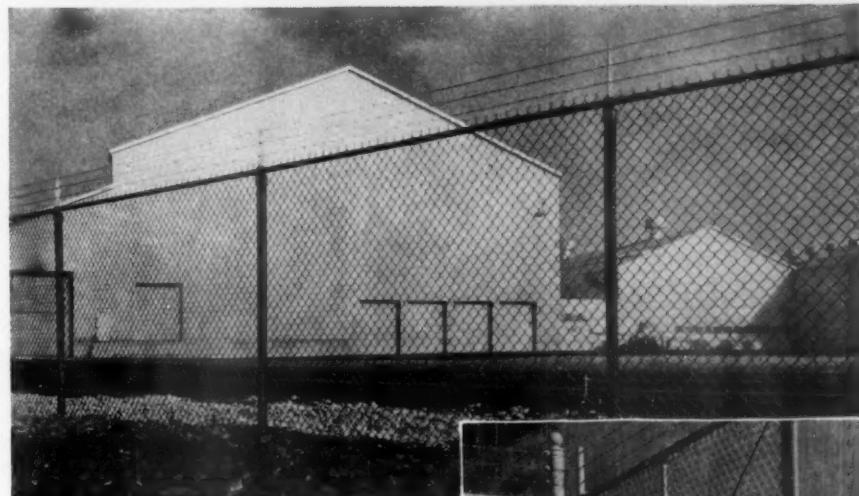
A single chemical manufacturer, E. I. du Pont de Nemours & Co., spends around \$7,000,000 annually on research, but the eloquent pay-off is that 40 per cent of du Pont's sales in 1938 were on new products developed since 1927. A good research story, with pictures, presented in the "something new and different" manner makes interesting newspaper copy, and is constructive publicity for your company.

Maybe this will indicate some of the material newspapers would like. From the business man's viewpoint such stories make a favorable impression and so are beneficial. They are good for the newspapers and good for those who read them.

However, there is one prime qualification. Avoid urging the kind of material on us which properly belongs in a paid advertisement. The editor is remiss in his responsibility if he publishes that kind of stuff. While the zone dividing what is, and what is not, free advertising is concededly vague and hence discretionary, still there are aspects to businesses which are legitimately worthy subjects for newspaper articles.

Business is inherently as interesting as any other phase of human endeavor, including sports, politics or the theater. Newspapers are finding that out. Business should learn it, too, because getting the goodwill of the public and keeping it today require far more than just the exemplary leadership of a few progressive corporations.

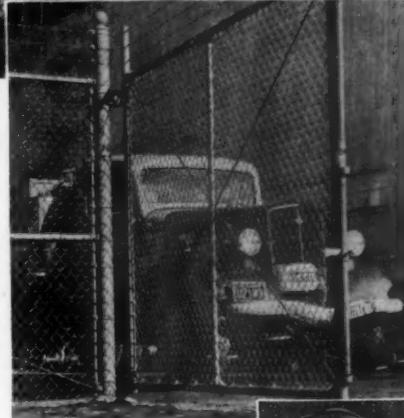
How to Choose the Right Fence FOR YOUR BUSINESS PROPERTY



YOU want a sturdy fence that will safely guard every foot of your property line . . . one that looks well, will last for years and not require costly repairs. There's no economy in leaving your property an easy prey for thieves and marauders.

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UNITED STATES STEEL



-and the
"HOUSE OF MAGIC"

In the G-E building at the NEW YORK WORLD'S FAIR, ten million volts of man-made lightning crash and thunder—thousands see for the first time the modern marvel of television—trace, in the great mural by Rockwell Kent, mankind's upward struggle—see dramatized, in the "House of Magic," the most recent achievements of G-E research.

SAN FRANCISCO'S Treasure Island has been painted with light by General Electric. Here, the new G-E short-wave radio station W6XBE carries news of the Fair to distant lands. In the G-E exhibit, the Magic Kitchen tells of new standards of living—the "House of Magic" reveals new wonders of science.

WE INVITE YOU to see these and the other features of the G-E exhibits at the Fairs, not only because they are entertaining and spectacular, but because they reveal the secret of America's progress. They show how American industry, by developing new products, improving them, and learning to make them inexpensive, has made it possible for millions of people to have more of the good things of life. In this process of creating MORE GOODS FOR MORE PEOPLE AT LESS COST, which has made the American living standard the highest in the world, G-E scientists, engineers, and workmen have played an important part. Visit the G-E exhibits and see for yourself this work of General Electric research, which today is building even higher living standards for the people of America.

G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric

GENERAL ELECTRIC

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